

S. HRG. 110-979

AFFORDABLE HOUSING OPPORTUNITIES: REFORMING THE HOUSING VOUCHER PROGRAM

HEARING

BEFORE THE

SUBCOMMITTEE ON HOUSING, TRANSPORTATION, AND COMMUNITY DEVELOPMENT

OF THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

ON

EFFORTS TO REFORM THE HOUSING VOUCHER PROGRAM, INCLUDING
S. 2684, THE SECTION EIGHT VOUCHER REFORM ACT (SEVRA)

WEDNESDAY, APRIL 16, 2008

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WEDNESDAY, APRIL 16, 2008

U.S. SENATE,
SUBCOMMITTEE ON HOUSING, TRANSPORTATION,
AND COMMUNITY DEVELOPMENT,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The subcommittee met at 2 p.m., in room SD-538, Dirksen Senate Office Building, Hon. Charles E. Schumer (Chairman of the Subcommittee) presiding.

OPENING STATEMENT OF CHAIRMAN CHARLES E. SCHUMER

Chairman SCHUMER. The hearing will come to order. And because we have a vote coming up shortly, we are going to try to move as quickly as we can.

First, I want to thank our witnesses. I want to thank Senator Crapo for being here. And we are here to talk about reforming the Section 8 voucher program.

The Section 8 Voucher Reform Act, which Senator Dodd and I introduced with several of our colleagues last month, has been endorsed by all of the major groups involved in the Section 8 voucher program. Owners, tenants, and voucher administrators all stand to benefit from the improvement that this bill makes to the program.

The Section 8 program is one of this nation's most important affordable housing programs, serving around 2 million households each year. Studies have shown that Section 8 program reduces homelessness, overcrowding, and frequent apartment moves. The stable affordable housing afforded by the Section 8 program helps families move to neighborhoods where there is less concentration of poverty, which often means better schools, lower crime rates, and more opportunities for economic advancement.

So, despite these obvious successes during the last several year, HUD action and changes in the formula for funding Section 8 have undermined the program, making it more difficult to administer. As costs escalated earlier this decade, Congress made changes to the Section 8 funding formula that attempted to control costs in the program. The changes enacted created an inefficient system, where some agencies were given funds they could not legally use, while others were left with too little funding to serve even those families already on the voucher.

The Center on Budget and Policy Priorities estimates that 150,000 vouchers were lost, as public housing authorities scrambled to adapt funding formulas that changed every fiscal year. With a reasonable and efficient formula, 150,000 additional families could be assisted. In Fiscal Years 2007 and 2008, Congress reversed the formula changes and again began funding public housing authorities based on the actual costs of running their programs. Although the restoration of the earlier funding formula does allow PHAs to offer additional vouchers, it doesn't address the costs and administrative issues still affecting the Section 8 program.

The bill before the subcommittee today addresses the challenges faced by Section 8 in a number of ways. The bill, first, stabilizes funding. The bill establishes a stable funding formula that ensures PHAs will receive funding to cover all of the vouchers in use. To help control rising costs, agencies are encouraged to lower the cost per voucher in the new funding formula, helping create efficiencies in the program. It encourages employment. The bill provides a standardized earning disregard each year, and provides other incentives for families to increase earning in savings. Additional earnings by tenants will reduce voucher costs for the government.

It ensures the housing is safe, decent, and adequate. It requires effective voucher administration, biannual assessments of local voucher programs to ensure they're operating efficiently, and also requires fair market rents to be set based on smaller geographic areas so that in large metropolitan areas tenants have the opportunity to live in all of the areas' communities. It encourages housing development and preserves affordable housing. It streamlines the requirements and does many other good things.

Before I conclude, I would also like to take a moment to address the Moving-to-Work program. I know this has been a source of some controversy in the past. While administrators feel that the flexibility that the program provides will help them control costs, tenants are concerned that the many protections provided in abrogated rules and restrictions will be lost. In New York, we have organized a series of roundtable meetings involving tenants, owners and administrators to develop an agreement on the provisions for this bill that all sides could support. The continuation of the Moving-to-Work program is an important part of the agreement, so I look forward to working with Chairman Dodd, Ranking Member Shelby, Ranking Member Crapo, and the rest of my colleagues on the committee to find a compromise that continues the program but creates a new degree of evaluation and accountability.

I'm now going to turn things over to Senator Crapo, but first I would first like to ask unanimous consent that a list of supporters and letters of support from a number of interested groups be entered into the record.

Without objection.

Chairman SCHUMER. I would also like to thank our witnesses again for appearing, and turn it over to Senator Crapo.

STATEMENT OF SENATOR MIKE CRAPO

Senator CRAPO. Thank you very much, Mr. Chairman. I appreciate the opportunity to work with you and to help find ways to improve Section 8 housing voucher programs.

I would like to see the Section 8 voucher rental assistance program be in better position to provide the long-term assistance to those who are without other options. I hear a lot of frustration from the public housing authorities in Idaho about the fact that they don't have the flexibility to move families toward self-sufficiency and provide help where it is most desperately needed. These public housing authorities do an amazing job with scarce resources, and I believe it is important to understand that one size does not fit all, and that a local community should be able to adjust the dollars in programs to deal with local situations.

I also appreciate your attention, Mr. Chairman, to the Moving-to-Work program. This is a very popular program in Idaho, and I intend to push—to expand the number of public housing authorities who are able to participate in the Moving-to-Work program. Moving-to-Work provides the flexibility for housing authorities to adjust to their local conditions, and to make the Federal programs work more effectively and efficiently in their own communities.

The stated intent was for four goals to be met by encouraging the design and implementation of innovative local strategies, to reduce costs and achieve greater effectiveness in housing programs, to increase housing choices for families, to move families toward self-sufficiency while protecting extremely low- or fixed-income families or the elderly, and to allow for flexibility in funding and programs.

Senator Sununu has been a strong champion of expanding the number of public housing authorities able to participate in the Moving-to-Work program, and I appreciate the fact that he's here today to talk about this issue and introduce Curt Hiebert, who is the CEO of the Keene New Hampshire Housing Authority.

And, finally, I think it's important to recognize that, although there is a lot of support for reforming the Section 8 voucher program to serve more low-income families, there has been some disagreement over the best way to achieve this.

At this time, I would like to insert into the record HUD's written statement; for the record, S. 2664.

Chairman SCHUMER. Without objection.

Senator CRAPO. And I want to thank our witnesses for coming here today and also for your involvement in this important issue.

Chairman SCHUMER. Well, thank you.

I will introduce the four other witnesses, but I will first turn it over to Senator Sununu to introduce Mr. Hiebert.

Senator SUNUNU. I thank you very much, Senator Schumer, Senator Crapo. It is a real pleasure to be here to introduce a good friend, Curt Hiebert, who has been a true leader in affordable housing, but has been the CEO of the Keene Housing Authority for 20 years. He's been active in the affordable housing area for much longer than that, longer than I'm sure he wants me to relay in any real detail, but he's been just a stand-up advocate for doing the right thing, for making sure that the ideals you both spoke about—flexibility, innovation at the local level, serving tenants—are all priorities, not just in his housing authority in Keene but across the State of New Hampshire and across the country.

Curt has participated at a senior level in the National Association of Housing Directors, PHADA, who I know has testified before this committee before on a range of issues. The Moving-to-Work

program in particular is a great area of expertise for Curt. He has had great success in designing and innovating and moving the work program in New Hampshire, and has worked very hard on making sure that the goal of accountability remains even as we give more flexibility and ability to innovate to housing authorities and housing directors across the country. Moving-to-Work, I think, has great potential because it really does allow different solutions to be tailored to local needs, local tenants, local economy, local housing situation, and I think it's absolutely imperative that the committee find a way to strengthen and expand Moving-to-Work.

I'm pleased to have Curt here to be able to testify not just on his experience with Moving-to-Work but also his experience with the Section 8 voucher program and other housing initiatives in New Hampshire that I think the Members of this Committee and the Senate can learn a great deal from.

Thank you very much for being here, Curt. Thank you, Senator Schumer and Senator Crapo.

Chairman SCHUMER. Thank you, Senator Sununu.

Let me introduce our other four guests.

Shaun Donovan was appointed Commissioner of the New York City Department of Housing Preservation and Development in March 2004. As Commissioner, Mr. Donovan manages the largest municipal developer of affordable housing in the nation, and oversees the fourth-largest Section 8 voucher program in the country with 27,000 vouchers under management.

Barbara Sard has been the Center's Director, the Center on Budget and Policy Priorities, Director of Housing Policies since 1997. Her work focuses on low-income housing policy, particularly housing voucher programs and admissions to subsidized housing.

George Moses is the Secretary of the Housing Alliance of Pennsylvania and Chairman of the Board of the National Low-Income Housing Coalition. Mr. Moses has been active in advocating for housing policy for the last decade.

And, finally, Jack Murray is President and Chief Executive Officer of Edgewood Management Corporation. He has over 30 years' experience in the field of property management, and oversees a portfolio of over 24,000 units that include private-market and federally assisted housing.

Each of your statements, guests, will be read into the record. We are going to try to limit you to 5 minutes each so we can finish the opening statements before the vote, then break for the vote and come back and ask questions.

So, Commissioner Donovan, you may proceed.

STATEMENT OF SHAUN DONOVAN, COMMISSIONER, NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT

Mr. DONOVAN. Good afternoon, Chairman Schumer, Ranking Member Crapo, and members of the Committee. I'm Shaun Donovan, Commissioner of the New York City Department of Housing Preservation and Development. HPD is the largest municipal developer of affordable housing in the nation, and also administers the fourth-largest Section 8 program in the country. Together with the New York City Housing Authority, whose program is the larg-

est in the country, we administer vouchers for over 112,000 families in the five boroughs.

Section 8 is integral to our affordable housing efforts in New York, so I'm very happy to be here to testify on S. 2684, the Section 8 Voucher Reform Act. I think I speak for the entire affordable housing community when I say "thank you" for taking up this critical and complicated program for review. We are in the fifth year of Mayor Bloomberg's New Housing Marketplace Plan, a 10-year \$7.5 billion dollar plan to create affordable housing for over 500,000 New Yorkers. Since Mayor Bloomberg came to office, the city has funded over 88,000 units of affordable housing, including the 70,000 units started under the New Housing Marketplace Plan. Of course, we couldn't have had such success without the partnership of the Federal Government and the unflagging advocacy of Senator Schumer and our great congressional delegation.

Unfortunately, the last few years have not been good ones for our Section 8 program. Yearly changes in the way Section 8 voucher funding is allocated to HUD to PHAs has made administering a Section 8 program very challenging. Funding uncertainty, combined with large increases in our enhanced voucher program, have led to large swings in the size of HPD's program. At this point, we're utilizing about 93 percent of authorized vouchers when only 2 years ago we were using city funds to supplement our program because we were at 102 percent utilization.

SEVRA's greatest result, therefore, will be restoring predictability to the way in which Section 8 funds are awarded. Under SEVRA, a PHA's voucher funding will be based on actual costs in the preceding year. In a much-needed reversal, PHAs would now be able to count on the fact that vouchers leased this year will be renewed next year. Predictability will allow PHAs to maximize use of limited resources, an imperative in a market such as New York City's, with a 3 percent vacancy rate.

In tight markets such as New York City's, project-based vouchers could be an important tool for increasing the supply of affordable housing, but there are barriers within the current structure to making the program work.

This bill makes three critical changes to the program. First, it allows 40 percent of units in a project in tight market areas to be project-based rather than the current 25 percent. This is important because finding buildings in which to project-base vouchers in New York City is a significant obstacle to success. Second, your bill allows project basing in cooperatives and buildings with elevators. And, third, it changes the initial contract term to 15 years so that the project-based contract runs concurrently with the Low-Income Housing Tax Credit compliance period.

The bill also provides common sense administrative flexibilities that cash-strapped housing authorities will benefit from. Sixty-two percent of HPD's Section 8 families are on a fixed income. By changing the requirement for income certifications for this population to once every 3 years from once every year, we will be able to save on administrative costs. In 2007 alone, HPD performed over 43,000 inspections on Section 8 units. With the passage of SEVRA, our inspection workload will decline considerably because we will be able use to inspections already performed that are equivalent to

the voucher program inspection standards. This administrative streamlining will allow PHAs to make more efficient use of lean budgets.

There are many other provisions in SEVRA that we believe will make the Section 8 program more effective, but in the interest of time I will submit them for the record.

There is one thing not in the Senate Bill, however, that I hope will be added, and that is the Housing Innovation Program, or HIP, the House bill's name for the current Moving-to-Work program. New York City is not a Moving-to-Work site, but we believe we are a good candidate for an updated version of the program, one which balances the need for PHA flexibility and tenant protections.

In September and October of last year, as Senator Schumer mentioned, HPD and NYCHA held roundtables with representatives from the Section 8 tenant advocacy and owner communities. The full recommendations of that group, which the committee very generously considered when drafting this bill, are submitted for the record. The group agreed that designating New York City as a HIP-lite site would give us much needed budget flexibility. NYCHA has an operating shortfall of \$195 million in 2008 and last month had a reduction in force of 427 employees. The budgetary fungibility that HIP-lite allows would permit NYCHA to spend money where it is needed most and balance priorities. However, flexibility mustn't come at the expense of tenants; and we believe that tenant protections, such as organizing participation and hearing rights, need to be codified in the HIP provisions, should they be added to the bill.

Thank you for the opportunity to testify before you today. I'm happy to answer any questions you have.

Chairman SCHUMER. Thank you, Commissioner.

Mr. Hiebert.

**STATEMENT OF CURT HIEBERT, CHIEF EXECUTIVE OFFICER,
KEENE HOUSING AUTHORITY OF NEW HAMPSHIRE AND SEN-
IOR VICE PRESIDENT OF THE PUBLIC HOUSING AUTHORI-
TIES DIRECTOR'S ASSOCIATION**

Mr. HIEBERT. Thank you, Mr. Chairman, Ranking Member. I'm Curt Hiebert. I'm CEO of the Keene New Hampshire Housing Authority, and I do appreciate this opportunity to discuss this legislation with you. My testimony is in support of this bill, and I urge you to support it as well. I would also like to thank Senator Sununu for his most gracious introduction.

I'm here representing the Keene Housing Authority, but I also have the honor of serving as a Senior Vice President of the Public Housing Authority Directors Association, which represents over 1,900 Housing Authorities across the United States. I participated over the past several years in developing industry rent reform proposals and positions, and have participated in discussions of many provisions in the Housing Innovation Program contained in the House version of SEVRA.

The Keene Housing Authority was one of the original 24 Housing Authorities that were designated as Moving-to-Work demonstration sites, and we continue to operate all of our public housing in Section 8 under that program. The flexibility that was granted under

that program has made some dramatic differences in our community, which I will itemize later. Our participation in this program has allowed us to work better with our community and with our residents and to provide a program that serves the neediest of our region, providing stability to those on fixed incomes and yet providing a system that encourages families to move toward self-reliance. This bill, as it stands now, misses an opportunity to authorize and modestly expand this program, which is an innovation engine for the public housing and Section 8 programs.

SEVRA does contain a large number of detailed provisions, many of which are very attractive to housing sponsors, tenants and participants, but there are a couple of items that are also missing. Some of the needed and welcomed provisions, the rent and income provisions, allowing biannual inspections, and the FSS fee entitlement and Housing Choice Voucher program, and enshrining a rational renewal and administrative fee funding system that has been dealt with chaotically in the past through appropriations and regulation interpretation.

However, the Senate version of SEVRA also includes some problematic provisions. Imposing a permanent cap on vouchers in use of 103 percent of the sponsor's authorized units. Though absorption of incoming portable tenant-based vouchers is an acceptable solution to a long-standing problem, the method described is cumbersome and needs refining. And authority for the Secretary of HUD to redefine the basis for voucher administrative fees is a problem.

Most importantly, though, there are two omissions: The Senate bill does not include authority to establish alternative rent structures and assisted housing; and the Senate bill, as has been mentioned several times, does not include permanent authorization of the Moving-to-Work demonstration. Although ongoing discussions of problematic provisions in the Senate version are important—and we expect to resolve a number of these concerns—the omissions are particularly troubling.

The discussions that produced the provisions of the Housing Innovation Program and the House SEVRA bill involve significant give and take on the part of a number of stakeholder communities, and these provisions should form the foundation for MTW or HIP authorization. These provisions should provide for, one, a modest expansion of the number of agencies under an MTW or HIP agreement; assurance that newly participating agencies will reflect the diversity among local housing authorities as to size and location; and a new status called "HIP-lite," which provides funding but not policy flexibility.

Also important is an application of a number of tenant protections to participants at MTW or HIP participating agencies, elimination of the uncertainties about the—by the 30 current participants concerning the future of their MTW status.

To give you an example, the MTW program in Keene and many of the other participating housing authorities have had some strikingly successful changes in their communities. In 1999, 47 percent of the heads of household in the families of the Keene Housing Authority were working full time. Last year, 65 percent were working full time. In that same period of time, average income for families

increased by over 30 percent. In part, this was because our system did not discourage increase in income but actually rewarded it. Our system of rent steps and the vital service coordination that we provide does not penalize rises in income, but instead our program encourages job skills, education, financial competency, and ambition.

At the same time, those neediest are protected by our Safety Net provisions in our program. The key is our program would not work everywhere—the program that works in Keene would not necessarily work in other communities—but the flexibility contained in Moving-to-Work, we were able to make a program that is good for our residents and our stakeholders. Other communities and housing authorities should have the same opportunity.

Please make sure that a provision in SEVRA is for the Moving-to-Work or HIP program that would, one, make the program work; two, grandfather the existing MTW agencies that are in compliance with their agreements; three, modestly increase the number of agencies; and, four, add an effective and easily administered mechanism to evaluate the program.

Thank you very much for this opportunity, and I will be glad to answer any questions.

Chairman SCHUMER. Thank you, Mr. Hiebert.

Ms. Sard.

**STATEMENT OF BARBARA SARD, DIRECTOR OF HOUSING
POLICY, CENTER ON BUDGET AND POLICY PRIORITIES**

Ms. SARD. Thank you, Chairman. My name is Barbara Sard. I'm the Director of Housing Policy at the Center on Budget and Policy Priorities. My testimony today first will briefly review why the Section 8 Voucher Reform Act enjoys unusually broad support, and then will address why it is important for the Banking Committee to approve S. 2684 promptly so that final legislation may be enacted this year.

As the chairman mentioned in his opening remarks, SEVRA, as passed by the House and as introduced recently in the Senate, is supported by a full spectrum of organizations that represent stakeholders in the Section 8 Housing Choice Voucher program. Unfortunately, as a member of that housing advocacy community, I can confess that such unity in our community is rare, and I think we should applaud the fact that this is such a common sense bill that it has appealed to such a broad range of stakeholders.

There are many provisions in the bill, but to make them kind of simple to understand, I have put them into three categories: The first is common sense reforms to reduce administrative burdens for everyone. For example, changes to the rules governing inspections and rent policies will benefit owners, families, and public housing agencies alike by reducing the frequency of required actions, and allowing Housing Authorities to rely on inspections or income verifications performed by other agencies, and simplifying the Rules for setting tenant rents. Changes to portability policies, the rules that allow someone to take a voucher from one community and use it to live in another, will substantially reduce the administrative cost of such moves. And SEVRA accomplishes such increased efficiency while retaining key tenant protections, which is a measure of the balance in the bill.

In addition, SEVRA makes a number of changes that will support work. As the Ranking Member mentioned, increased self-sufficiency is one of his goals, and I think this bill goes a long way to address these goals. It has a new earnings disregard, and other aspects of the rent policy also create a financial incentive for families to work, and the changes in the Family Self-Sufficiency program in terms of how administrative fees are allocated and how the funding policy works better with FSS will make it much easier and create an incentive for more agencies to have FSS programs.

Second, SEVRA will update key policies in the program which haven't been comprehensively addressed in the last 10 years. There are many examples of this, but just a few. The bill takes advantage of new data sources to produce fair-market rent figures for smaller areas that can be more accurate and, thereby, be more efficient in the allocation of funds. SEVRA uses new rent and income information that agencies already submit to HUD to report on rent burdens, and recent data indicate that rent burdens in the program have gotten excessively high.

And SEVRA will also update the Rules that govern the project-based voucher program that was addressed by Congress in 2000, but, as Mr. Donovan mentioned, some changes are needed to better coordinate the program with the low-income housing tax credit, work better for supportive housing for the homeless, et cetera.

But perhaps most importantly, SEVRA creates new flexibility for all agencies. It will help vouchers be a Preservation tool for housing that is privately owned and being lost. It will help respond to the current foreclosure crisis by creating mechanisms for housing agencies to help tenants in buildings where the owners are financially troubled and have been struggling to make utility payments.

And perhaps most importantly, it will help the program better respond to growing housing needs. Escalating foreclosures and the softening economy are exacerbating the need for rental assistance, and the utilization of already authorized vouchers has been substantially decreased. In 2007, we were using only 91 percent of the vouchers that Congress has authorized; in 2004, we were using 98 percent. Many agencies are doing better in this last year because of funding improvements which Congress made in 2007 and 2008, but to continue those improvements, they need a permanent change in authorizing law.

On Moving-to-Work, you have heard people talk about a modest expansion; I want to underscore that. Already under the House provision, one-third of assisted families can be in Moving-to-Work agencies. That is far more than is needed to learn new lessons from local experimentation and, as Mr. Donovan and Mr. Hiebert mentioned, protecting tenants from overly harsh changes in policy while those changes are being made, and we learn through an improved evaluation method are also vital.

Thank you very much, and I look forward to answering any questions.

Chairman SCHUMER. I think we only have about 3 minutes left to the vote, so we are going to break, and we will come back as soon as possible and hear from Mr. Moses and Mr. Murray and ask questions. So, the hearing is temporarily in recess until we return.

[Recess.]

Chairman SCHUMER. The hearing will come to order.

And, Mr. Moses, your entire statement will be read into the record, and you may proceed.

STATEMENT OF GEORGE MOSES, SECRETARY, HOUSING ALLIANCE OF PENNSYLVANIA, REPRESENTING THE NATIONAL LOW INCOME HOUSING COALITION

Mr. MOSES. Chairman Schumer, Ranking Member Crapo, and other members of the subcommittee, thank you for inviting me to testify here before you today on proposals to reform the Housing Choice Voucher program.

I am George Moses. I am Chair of the Board of Directors for the National Low-Income Housing Coalition, which I'm representing here today. I'm also on the Board of Directors of the Housing Alliance of Pennsylvania.

I lived in project-based Section 8 properties between 1990 and 2006. I was elected Chair of the National Low-Income Housing Coalition in 2006, and I am the first tenant representative to serve in that role.

The National Low-Income Housing Coalition strongly supports the Housing Choice Voucher program, and we are pleased that the subcommittee is having hearings on this critical program. We are particularly pleased that the bill adopts virtually all of the recommendations that came from the 2005 voucher summit sponsored by the National Low-Income Housing Coalition, including recommendations on income targeting, funding, inspections, portability, rent simplifications, project-basing vouchers, and enhanced vouchers.

My written testimony provides comments on these and other aspects of the Section 8 Voucher Reform Act, S. 2684. During this time, I would like to highlight a couple of the points.

We are, of course, pleased that the bill fixes the voucher funding distribution system. In 2004, HUD declared the voucher program broken and then proceeded to break it. This bill would correct those actions which prevented 150,000 families with children, people with disabilities, senior citizens, and others from becoming housed in a safe, decent, affordable way. This bill would restore reliability and credibility to the voucher program.

The bill encourages increased income and provides much needed simplification to rent-setting policies, things that residents and housing agencies have long sought. These important reforms are done while maintaining the broad standard that tenants claim no more than 30 percent of their adjusted income for their housing. It is critical that the rents be connected to the incomes of the individual households so that one basic principal of assisted housing is preserved: Affordability.

Mobility is another cornerstone of the voucher program. Vouchers should not lock families into certain neighborhoods or communities. The current system for porting vouchers from one administration's agencies geographical area to another is broken and is in need of urgent repair for the sake of both tenants and administrative agencies. With some safeguards for lack of funding, S. 2684 would require receiving agencies to absorb incoming vouchers. The phasing

in of this requirement is prudent and would hopefully result in a reliable long-term portability mechanism.

The inclusion of 20,000 new vouchers a year for the next 5 years is also welcome. However, the broad improvements of this bill should allow for a much larger expansion of the voucher program. The National Low-Income Housing Coalition supports 100,000 new vouchers a year for the next 5 years at such a level new vouchers could significantly impact the nation's housing crisis. And we say this because most of the PHAs across the country waiting for Section 8 vouchers are closed; therefore, many tenants cannot get a voucher.

Finally, we are glad that S. 2684 does not provide for an expansion of the Moving-to-Work program. The failure of HUD to establish a program with an adequate data collection system has meant that no one, neither HUD, Congress, the HUD Inspector General, or tenants living in the projects subject to the Moving-to-Work accesses the effectiveness of the program at meeting its goals of reducing costs, promoting tenant self-sufficiency, increasing tenants' housing choices.

But what we do know about the program is troublesome. For example, the Housing Authority of the city of Pittsburgh, my home town, was found by the HUD Inspector General to have stockpiled more than 81 million of HUD funding during the first 4 years of its Moving-to-Work status, all completely legal under the Moving-to-Work Rules. Meanwhile, the Pittsburgh Housing Authority Agency did not modernize its 6,700 public housing units and failed to serve 3,000 families waiting for vouchers. HUD's Real Estate Assessment Center at the time said 30 percent of Pittsburgh's developments had a physical inspection score below 70 out of a possible 100. According to the HUD's Inspector General, the relaxation of the requirements under Moving-to-Work allowed the housing authority to plan and execute a minimal modernization plan without penalty. The only thing that the community and the residents wanted from this Moving-to-Work program was an evaluation, tell us what you did, who you serve, how many people improve lives with this, and we never got that information.

Again, we believe that S. 2684 is an extremely important bill, and we urge swift enactment. We would also like you to take up the National Affordable Housing Trust Fund Act of 2008, S. 2523. This legislation would create an off-budget housing trust fund to produce and preserve housing for our nation's lowest-income people. The bill was introduced in December, and we hope that it will move quickly forward. We urge all Senators to join Senators Schumer, Reed, and Menendez of this subcommittee in cosponsoring this legislation.

Again, I thank you for giving me the opportunity to testify before you today, and I will be available for questions.

Chairman SCHUMER. Thank you, Mr. Moses.

Mr. Murray.

STATEMENT OF JACK MURRAY, EDGEWOOD MANAGEMENT CORPORATION, REPRESENTING THE NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION AND THE NATIONAL LEASED HOUSING ASSOCIATION

Mr. MURRAY. Thank you, Chairman Schumer; and thank you, Ranking Member Crapo for the time that you are giving us on these issues. My name is Jack Murray. I'm here representing two very good trade associations: The National Affordable Housing Management Association and the National Leased Housing Management Association. The National Leased Housing Association represents interests of owners and developers and lenders and managing agents, and has over 500 organizational members that all work with Section 8, both project-based and vouchers, across the nation. National Affordable Housing Management Association is a trade association which represents multifamily property managers and owners whose mission is to provide quality affordable rental housing. Likewise, NAHMA is the voice in Washington for 20 regional affordable housing management associations.

We commend both of you for your leadership, and thank you and the committee members for your valuable work addressing the nation's need for affordable rental housing. We are pleased and honored to present our views on the Section 8 Voucher Reform Act, SEVRA.

The Section 8 program has long served as America's primary rental subsidy program, and we believe it has been largely successful in achieving the goal of assuring decent, safe, and affordable housing for low-income families and the elderly. We do not believe that the Housing Choice Voucher program is in need of a major overhaul, but are convinced that it can be improved upon with the changes outlined in the SEVRA legislation. The bill has the broad support of so many national housing organizations as outlined in the attached letter to the committee. The groups include the National Multihousing Council, the National Association of Realtors, Home Builders, National Apartment Association—we could go on and on.

Our testimony will focus on three particular interests to NAHMA and National Leased Housing: Inspections.

The success of the voucher program is dependent on the willingness of owners and landlords to accept voucher tenants. These organizations have worked over the years to convince the professional apartment managers to participate in the voucher program, and many have; but there are a number of program requirements that give landlords pause, particularly with regard to the inspection standards. Renting to a voucher holder should not cost a landlord more than what it does to rent to an unsubsidized resident, but it often does due to the duplicative inspection standards. Before a Section 8 voucher holder can rent a specific apartment, the administering agency must first inspect the unit and confirm it complies with Housing Quality Standards. Such unit-by-unit inspections cause intolerable delays and do not necessarily satisfy HUD's objective of protecting residents since many of these properties already inspect other Federal programs.

And I would depart from my testimony to say this really is needed in the cities like D.C. and New York City and other places be-

cause of the tight market there. If they've got a choice of a person coming in with a check in their hand or person coming in with a voucher, they're going to take the check every time because they don't know when they are going to be able to move into the voucher holder until after an inspection.

Delays caused by the initial inspections and related processing delays cause apartments to remain vacant. The apartment industry relies on seamless turnover to meet its overhead costs, and the financial implications of such delays are enough to deter many owners from participating in the program. NAHMA and National Lease Housing strongly support SEVRA's provisions that address current redundancy in Federal inspection programs by permitting housing agencies to approve the lease-up of apartments that have recently been inspected by FHA, home or the low-income housing tax credit program. The residents were provided much-needed housing sooner, and the owners are not losing income due to delayed move-ins. Under the bill, housing agencies will continue to inspect the units but will do so within 30 days after the tenant moves in. Further, SEVRA recognizes that minor repairs can be made after the tenant moves in, a provision supported by our organizations.

SEVRA also permits housing agencies the discretion to inspect apartments occupied by ongoing voucher residents every other year instead of annually. We support that provision for professional landlords but recommend that small apartment properties, maybe 20 units or less that are not generally professionally managed, might be inspected every year.

NAHMA and National Leased Housing are especially pleased that SEVRA incorporates Senator Menendez's legislation 1218, Limited English Proficiency, which allows HUD to better serve persons with limited English proficiency by providing technical assistance to recipients of Federal funds. HUD's Limited English Proficiency guidelines became effective on March 2007. The guideline states that recipients of HUD funding, including affordable housing providers, have an obligation to provide translated documents and oral interpretation services to all the many different languages that are in that area. Unfortunately, HUD provided no additional funding to provide the offset of the cost of providing those services. Another major concern with the guidance was HUD's failure to identify a specific list of documents housing providers would be expected to translate.

Last summer, a coalition of multifamily housing representatives and civil rights advocates proposed the LEP language which is included in SEVRA. Our compromise addresses the cost and the vagueness. SEVRA's LEP language is strongly supported by NAHMA and National Leased Housing.

Project-based vouchers, if I can just finish up. Our members are actively involved in the operation and development of affordable rental housing. We are particularly pleased that SEVRA would provide flexibility and consistency with regard to use of vouchers with low-income housing, particularly expanding the contracts from 10 years to 15 years, and allowing the housing agencies to move from 20 percent to 25 percent is project-based. All of these things help both the landlord and the residents.

At the request of a property owner, they would also allow a PHA to provide existing residents with project-based vouchers in lieu of enhanced vouchers when owner opts out of any federally subsidized program. This option will protect the residents while ensuring that the actual units are preserved as affordable.

Conclusion: Affordable housing is sorely lacking in America. According to Harvard, 35 million households spend 30 percent. . . .

Chairman SCHUMER. You know you could finish your sentence or so.

Mr. MURRAY. Oh, that's OK, you know where I'm going.

Chairman SCHUMER. Thank you. We do, indeed. And thank you for your excellent testimony, Mr. Murray, all the testimony was very good.

I'm going to defer to Senator Crapo who has another appointment to which he must go, and then I will ask my questions. So, Senator Crapo, take as much time as you need.

Senator CRAPO. Well, thank you very much, Mr. Chairman, for your kind accommodation. I just have one question.

As I indicated in my opening remarks, I'm very interested in the Moving-to-Work program. I would like to see my state, Idaho, have the opportunity to participate in this program. But as I look at the numbers, it kind of looks daunting. Right now, there are about 30 Moving-to-Work programs authorized, and about 20 of those, I think, are actually in effect and operating. Just to give you some statistics—and these are rough, at least as to the national numbers—there is about 2 million vouchers in the country; in Idaho there is 6,500. There is about 3,000 agencies in the country; in Idaho, there is five.

So, as I look at trying to get two or three of my agencies access to the Moving-to-Work program with those kind of statistics, it becomes evident that I want to see a big expansion of the opportunity to get into the Moving-to-Work program.

So, really, the question I have is, if the housing authority already operates a successful family self-sufficiency program and has a satisfactory or higher CEMAP rating for the previous 3 years, then one would assume that that Housing Authority is able to meet their and their community's and HUD's expectations. Why shouldn't we provide an avenue for these housing authorities to be given the discretion to elect to move into the Moving-to-Work program and then tailor the Section 8 programs to the local needs as opposed to the less flexible requirements that they otherwise deal with? In other words, why shouldn't we just open this up?

I throw that out to the whole panel.

Mr. HIEBERT. I would be glad to jump on that, Senator. Part of it is the balance that you need to maintain. Part of it is accountability of HUD being able to administer varying programs. You're preaching to the choir, if you're talking to me about expansion of this program. I think it's—the future of public housing and Section 8 is that exact flexibility that you're talking about.

A lot of things that have been done in 1999 and 2000 in the Moving-to-Work program, some of them have already been initiated in the general program because they proved not to be effective.

There is concern that, if some innovations are administered and they don't turn out to be good, you don't want them replicated.

However, I think that the accountability, if it is there, it should be expanded to as many housing authorities as possible. And in the original HIP, in the House bill, there is a suggestion that the distribution be equitable geographically and size of housing authorities, both.

Senator CRAPO. Thank you.

Ms. Sard.

Ms. SARD. Just to add to that, the important thing in authorizing law, I think, is to take advantage of the lessons learned and spread them to everyone and not make it a privileged few; and to do that, we need to, yes, allow experimentation, but to do it in a way that we can actually learn something and make reasoned conclusions about what works and what ought to be expanded. And in order to do that, the experiment can't be too large, or managing the gathering of data and the assessing of it becomes expensive and unwieldy.

And if we give in again, as we did in the first stage of MTW, and say, "Well, it's just going to be too expensive and too difficult to learn anything from this, so let's just let people do it," we will end up in the same bind where agencies that should be allowed to benefit from flexibility and new lessons won't get that opportunity. So, I think that, in order to achieve your goal, we have to take this in measured steps.

I would add that the House bill does not necessarily give preference to high-performing agencies to be selected for MTW, and that is a change that, if the Senate wanted to consider—there may be differences of opinion on that on the panel, but I, for one, would support it, so I think that's important.

But I think it's important to recognize that the changes that SEVRA would make would increase flexibility across the board for agencies. So, while I appreciate your concern for MTW, I think it's really important to recognize a lot of the goal you're seeking is achieved by enacting SEVRA.

Senator CRAPO. Well, thank you.

Mr. Chairman, from what I hear, I'm going to continue to advocate for ways to get Idaho agencies to have the flexibility to be involved, but maybe what we will need is an earmark in the bill to designate the Idaho agencies as part of the study. How would that work?

Chairman SCHUMER. I, for one, have nothing against earmarks as long as they are public, debated, and honorable.

Senator CRAPO. I agree with you.

Chairman SCHUMER. OK.

Mr. MOSES. Mr. Chairman, if I might—

Chairman SCHUMER. Yes, Mr. Moses.

Mr. MOSES. To come back and answer Senate Crapo's question, we are not just only talking about self-sufficiency in those programs. We are talking about an ability to change rent standards. Example. In Pittsburgh, we just learned through, unbeknownst to publications, that they were raising the rent to the minimal rent to \$150, and we went to the public housing communities, and we asked, did you know these changes were taking place? And they said no, we were never conferred, talked about it, doing it like this.

And as you said in your opening statement, sir, this could not be just as all housing authorities can be judged to be the same because there are so many of them, and they do things so differently across the country.

So, in looking at this, we must be able to look at what's done, ask for a good evaluation, as Ms. Sard said about collecting data and information, that we can then make a good determination on what's good and what's bad because, in Pittsburgh, when we asked for that sort of evaluation, we were told, "Well, it's not in the rules, so we don't have to do it."

Senator CRAPO. Thank you very much. I appreciate all these perspectives.

And again, thank you, Mr. Chairman, for allowing me to do this, and I apologize I will have to slip out.

Chairman SCHUMER. No problem. Thank you, Senator Crapo, for coming to this hearing, and now I will go on with my questions.

First. Mr. Murray, as you say in your testimony, the success of the voucher program is dependent on landlord participation. What are the largest barriers to landlord participation, and are we moving in the right direction with the Section 8 Voucher Reform Act?

Mr. MURRAY. Yes, sir. Yes, sir, I think we are moving in the right direction with this.

Chairman SCHUMER. Mr. Moses was moving in the right direction with pushing the button for you.

Mr. MURRAY. Yes, absolutely, yes, sir.

Getting these inspections so that you don't have to hold up the move-in of a resident so that the vacancy is kept less will help a number of properties, but will also help the owner to want to take these vouchers because, right now, many of them don't want to because they don't know when the inspection's coming or what the problems are going to be, and this helps get beyond that. I think that's very good.

Chairman SCHUMER. Good.

Mr. Donovan, I'm troubled by your testimony that congressional interference with the voucher funding formula has led to a decrease in the number of families being served. How many more families in New York City could have been served over the past few years if the funding formula had been stable and predictable? And will the reform act help stabilize funding so you can serve those additional families?

Mr. DONOVAN. Currently, I would estimate that roughly 10,000 more families could be served, if we had not had the uncertainty and the ups and downs that we have had over the last few years.

And I would just emphasize that this has been both ups and downs. As I mentioned in my testimony, because of the unpredictability and the changes in the formula over the last few years, we have actually gone from being underutilized to overutilized to underutilized in a very short period of time, and so that piece is incredibly important.

What I would also mention about the formula as well is that, in some ways, the budget-based formula we have lived with over the last few years has been the worst of both worlds. It has gone to a budget-based system which was intended to encourage savings yet, on the other hand, has not allowed us to go above a hard cap

on the number of vouchers utilized. And one of the very positive things about your bill would be to lift that cap.

Just to be clear, any savings we could have achieved would not have allowed us, under the prior formula, to actually serve more families. What this would allow us to do and what it would give us is a real incentive for the kind of savings and efficiencies that I think were intended all along, but frankly, because of the flaws in the formula, were never able to be achieved—

Chairman SCHUMER. Sounds like a free-market solution, to a government agency.

Ms. Sard, do you want to comment on that? Are you the same Ms. Sard I went to law school with?

Ms. SARD. I'm glad you remember that.

Chairman SCHUMER. How do you like that.

Ms. SARD. We were even in the first section in our first year.

Chairman SCHUMER. Our contracts teacher just passed away—I just read it in the paper—but he was a great teacher.

Ms. SARD. We analyzed data for agencies throughout New York State as well as for the states represented by other members of the Banking Committee, and New York is an unfortunate example of the typical pattern. In 2004, agencies in the state were using 98 percent of their authorized vouchers; by 2006, that had gone down to 87 percent, and it improved somewhat last year. And we estimate that, in New York State, nearly 27,000 additional families could be served this year with the money that agencies have, but it's very risky for agencies to put those vouchers out on the street. It's risky for landlords to agree to accept them, unless Congress passes a law that makes clear that the funding policy will provide funds for those vouchers the next year.

Chairman SCHUMER. Right.

And let me just, you know, the statement the administration submitted said that PHAs in the present law are provided incentives to increase costs under the bill. They also say that we should rebenchmark every 3 years.

Can you comment on this? And then Mr. Hiebert and Mr. Donovan as well.

Ms. SARD. I think it is—perhaps they fail to understand how the bill would work because it's just false to say that costs would increase.

It is important to look at—there are two types of costs in the voucher program. There is the cost of the program overall, and then there is the cost per voucher. The costs of the program overall remains absolutely within the control of Congress. The appropriators decide how much they are going to spend. If there is not enough to fully fund the program, then payments are prorated to the remaining agencies. So, that's just false.

Chairman SCHUMER. Right.

Ms. SARD. On the per-voucher cost, your bill creates a complex balance of different forces so that, on the one hand, it allows agencies to pay more in order for families to move to more expensive areas. It also, by fixing the fair market rents for smaller areas, would reduce some payments.

And as Mr. Donovan said, by allowing agencies to go over the cap, it creates an incentive for agencies to keep each voucher cost-

ing less so they can serve more people. It creates the right balance of incentives in a complex program.

Chairman SCHUMER. Right.

Comments from Mr. Hiebert.

Mr. HIEBERT. Yes, Senator, I would agree with Barbara on that, but also I would like to add something. The additional flexibility under the Moving-to-Work program with our Section 8, we were able to have utilization rates upwards of 108 to 110 percent, to be able to serve up to 10 percent more people than otherwise would have been allowed.

Also different populations that are not presently allowed under the Housing Choice Voucher program are available also under the MTW program.

Mr. DONOVAN. Senator, one final point I would make on that as well, one of the key issues, I think, has been that there are programs, much as we might not like to admit it as people who manage voucher programs, there are programs around the country that are not being well managed. And currently, under a formula, or historically under a formula that used a 3-year-old or a 5-year-old benchmark for how budgets were set, there was really no incentive there from a funding basis to get out of that cycle of mismanagement.

This funding formula would move to a system where, if you don't fully utilize your funds, they could be taken away, and that is both overall the potential for cost savings but, on an individual basis for those housing authorities, an incentive to better manage the program. I think something we could all agree is a positive thing.

Chairman SCHUMER. One gets the feeling that much of the administration's view was motivated by spending the least amount of money possible, no matter how many fewer people are served, and no matter how less efficient the program is.

Would either of you, Mr. Murray or Ms. Moses, disagree with what I have to say?

Mr. MURRAY. I wish I could.

Chairman SCHUMER. How about you, Mr. Moses?

Mr. MOSES. No comment.

Chairman SCHUMER. No comment. OK.

Finally, Mr. Donovan, HUD submitted a statement for today's hearing that says this bill would result "in a more complicated and less effective program than we have today."

I take it you very much disagree with that, from your previous comments?

Mr. DONOVAN. Well, I would go back to the discussion we had with Senator Crapo when he was here, and I think the important thing to recognize here is that, while we can discuss whether it's in HIP or HIP-lite, which we certainly support the availability of and the ability to do that. The fundamental purpose to this bill, and I think why there is such broad support across so many stakeholders, from owners to advocates, et cetera, as well as those of us who run the programs is that this bill does lead to fundamental simplification of the program. Administrative reforms, reforms around eligibility and rent setting, the inspection protocols, all of those things will lead to a simpler program to administer, to live with, if you're a resident, or to live with if you're an owner.

So, I think that's why there is such broad support for many of these fundamental common sense reforms.

Chairman SCHUMER. Anyone else, final comments?

Well, then, I can assure all of you that Senator Dodd and I are going to try to move this legislation which seems to meet with your approval, whether you're a big authority or a small authority, whether you represent tenants or you represent the landlords. Seems to be pretty good. I would say to the administration, "You're odd man out; better get with it."

Anyway, I thank everybody for being here.

The hearing is adjourned.

[Whereupon, at 3:27 p.m., the hearing was concluded.]

[Prepared statements and additional material supplied for the record follow:]

PREPARED STATEMENT OF SENATOR BARACK OBAMA

Thank you Chairman Dodd and Ranking Member Shelby for the opportunity to provide a statement for this important hearing. You are to be commended for the Committee's efforts to mitigate the foreclosure crisis and protect the U.S. economy.

Some might believe that we have already done enough – that the legislation passed by the Senate last week will reverse the destructive trends we've seen sweeping across the nation. But the American people know that we can and must do more to prevent the immediate crisis in our housing market from creating long term turmoil in global credit markets and exacerbating an already weak U.S. economy. The bill we passed last week was a start, but our top priority now is stopping a cascade of foreclosures and helping to safeguard American families from what could be a severe and prolonged recession.

We must do more, and we must do it now. I support the proposal that Senator Dodd has put forward, authorizing FHA to help refinance the mortgages of distressed borrowers. The proposal shares the pain and the possible gains fairly among homeowners, mortgage owners, and the government. It does not reward speculators or fraudulent actors. Lenders and servicers need to work with at-risk borrowers to avoid foreclosure, and this bill will facilitate that. The longer we delay, the larger the problem for homeowners and our economy as a whole becomes.

Unfortunately, over the past several years, federal regulators sat on the sidelines and failed to prevent abuses and excesses in the mortgage lending market. We cannot afford to sit on the sidelines now as more than two million families confront the risk of losing their homes. We cannot afford to do nothing as increasing numbers of major financial institutions totter on the verge of collapse. We cannot ignore the implications of more than 15 million homeowners being underwater with their mortgages and people abandoning their homes and their neighborhoods because they can't afford the payments.

Addressing these problems will not be simple or easy. As Chairman Dodd has said: "There is no silver bullet." These hearings are an important opportunity to consider the concerns about moral hazards and other potential risks of emergency government intervention. They are also an important opportunity to debate the various options for an effective government role.

At the end of the day, however, it is clear that the free market on its own cannot rescue itself from the current situation without unacceptable consequences for homeowners and

the economy. These are the times when prudent government action is required, and that's what Chairman Dodd and Chairman Frank in the House are calling for.

This crisis is not insurmountable, and I am hopeful that Congress and the Administration will rise to the occasion, avoid the pitfalls of partisanship, and fulfill our duty to the American people. I thank today's witnesses for their testimony, and I look forward to supporting the quick and comprehensive action that the American people deserve and demand.

Written testimony of Shaun Donovan, Commissioner
 New York City Department of Housing Preservation and Development
 Senate Subcommittee on Housing, Transportation and Community Development
 April 16, 2008

Good afternoon Chairman Schumer, Ranking Member Crapo and members of the Committee. I am Shaun Donovan, Commissioner of the New York City Department of Housing Preservation and Development. HPD is the largest municipal developer of affordable housing in the nation, and also administers the fourth largest Section 8 program in the country. Together with the New York City Housing Authority, whose program is the largest, we administer vouchers for over 112,000 families in the five boroughs.

Section 8 is integral to our affordable housing efforts in New York so I am very happy to be here to testify on S. 2684, the Section 8 Voucher Reform Act. I think I speak for the entire affordable housing community when I say "thank you" for taking up this critical, and complicated, program for review. We are in the fifth year of Mayor Bloomberg's New Housing Marketplace Plan, a 10 year \$7.5 billion plan to create affordable housing for over 500,000 New Yorkers. Since Mayor Bloomberg came to office the City has funded over 88,000 units of affordable housing, including the 70,000 units started under the New Housing Marketplace Plan. Of course we couldn't have had such success without the partnership of the federal government, and the unflagging advocacy of Senator Schumer and our great congressional delegation.

Unfortunately, the last few years have not been good ones for our Section 8 program. Yearly changes in the way Section 8 voucher funding is allocated from HUD to PHAs has made administering a Section 8 program very challenging. Funding uncertainty, combined with large increases in our enhanced voucher program, have led to large swings in the size of HPD's program. We are in what we call a "feast-famine" cycle, in which our program grows to the allowed size, and then contracts so that we don't go above our authorized level. At this point, we are utilizing 93% of authorized vouchers, but only two years ago were using City funds to supplement our program because we were at 102% utilization. In 2004, the formula for funding vouchers was changed from a system in which a PHA got funding for all of its authorized vouchers to a budget-based system. Funding was based on usage in a prior period, but not necessarily the most recent preceding months. For this reason, we were awarded funding that didn't reflect our current program.

SEVRA's greatest result, therefore, will be restoring predictability to the way in which Section 8 funds are awarded. Under SEVRA, a PHA's voucher funding will be based on actual costs in the preceding year. In a much needed reversal, PHAs would now be able to count on the fact that vouchers leased this year will be renewed next year. Predictability will allow PHAs to maximize use of limited resources – an imperative in a market such as New York City's, with a 3% vacancy rate. Furthermore, by allowing PHA's to: borrow 2% against their next year's funding; use reserves to lease up vouchers

3% above the authorized level; and redistribute unused funds to PHAs with a capacity to use them, SEVRA gives PHAs the flexibility to properly manage their Section 8 programs without busting the federal budget.

In tight markets such as New York's, project-basing vouchers could be an important tool for increasing the availability of affordable housing, but there are barriers to making the program work. SEVRA updates the project-based program in several critical ways. Your bill allows 40% of units in a project in tight market areas to be project-based rather than the current 25%. This is important because finding buildings in which to project-base vouchers in New York City is a significant biggest obstacle to success. It also allows project-basing in cooperatives and buildings with elevators, something that now requires a UD waiver. The bill changes the initial contract term to 15 years so that the project-based contract runs concurrently with the Low Income Housing Tax Credit compliance period, which makes administering the two programs concurrently much more manageable.

Nineteen percent of HPD's voucher program is made up of enhanced vouchers. The changes made to the program in the Senate bill provide better tenant protections, and we strongly support them. The bill allows enhanced voucher holders to remain in the same project even if there is not an available appropriately sized unit for the family to move into. The bill also requires that owners accept enhanced vouchers upon conversion except in rare cases.

SEVRA provides common sense administrative flexibilities that cash-strapped housing authorities will benefit from. 62% of HPD's Section 8 families are on a fixed income. By changing the requirement for income recertifications for this population to once every three years, from once every year, we will be able to save on administrative costs. In 2007 alone, HPD performed over 43,000 inspections on Section 8 units. With the passage of SEVRA, our inspection workload will decline considerably because we will be able to use inspections already performed that are equivalent to the voucher program inspection standards. This administrative streamlining will allow PHAs to make more efficient use of lean budgets.

The Senate bill contains several changes to the way in which tenants' rent contribution is calculated. While HPD and NYCHA are supportive of these changes, it is imperative that the Senate provision requiring HUD to provide additional public housing operating subsidies to agencies that experience a reduction in rent revenues remain in a final SEVRA bill. NYCHA has an operating shortfall of \$195 million in 2008 and last month had a reduction in force of 427 employees; any further reduction in operating income would be devastating.

There is one thing not in the Senate bill that I hope will be added, and that is a Housing Innovation Program, or "HIP", the House bill's name for the current Moving to Work program. New York City is not a Moving to Work site, but we believe we are a good candidate for an updated version of the program—one which balances the need for PHA flexibility and tenant protections. In September and October of last year, HPD and

NYCHA held roundtables with representatives from the Section 8 tenant advocacy and owner communities. The full recommendations of that group – which the Committee very generously considered when drafting this bill – are submitted at the end of this testimony. The group agreed that designating New York City as a HIP-lite site would give us much needed budget flexibility. The budgetary fungibility that HIP-lite allows would permit NYCHA to spend money where it is needed most and balance priorities. However, flexibility mustn't come at the expense of tenants, and we believe that tenant protections – such as organizing, participation and hearing rights – need to be codified in the HIP provisions, should they be added to the bill.

Thank you for the opportunity to testify before you today. I'm happy to answer any questions you may have.

**NEW YORK CITY SEVRA ROUNDTABLE
SEVRA SENATE LEGISLATIVE STRATEGY
Nov. 6, 2007**

Voucher funding

1. Authorize the allocation of new tenant protection vouchers to preserve the affordability of public housing developed by non-Federal programs. Use language jointly acceptable to NY, CT, MA and HI, authorizing "vouchers to replace vouchers used to preserve public housing developed from sources other than Section 9 of the United States Housing Act of 1937 (42 USC §1437g)"
2. In order for NYCHA/HPD to use unexpended voucher authority before HUD recapture, increase ceiling on reserves above 12.5% in first year and above 5% in subsequent years

Rents

3. Support new provision in Senate draft bill to limit the rent for tenant-based vouchers in LIHTC units to the higher of the LIHTC maximum or voucher payment standard
4. Remove housing search requirement from set of Senate requirements for HUD approval of 120% of FMR payment standard
5. Design NYC exception to county-level FMRs to ensure no automatic diminution of FMRs in outer boroughs. Suggested language for Senate bill: on page 73, line 6 after "apply to" insert "any counties wholly within a metropolitan city specified in clause (I) or"
6. Modify Senate provisions on income recertification threshold:
 - a. give PHAs the option to recertify incomes (and deductions) without a minimum recertification threshold, as long as the PHA has no threshold for either increases or decreases in annual adjusted income
 - b. change the provision on threshold for recertification of annual adjusted income from \$1500 to \$500
 - c. Modify provision 3(f)(1) on p.24 to ensure that HUD compensates PHAs for any loss of rental income due to SEVRA rent provisions

HIP-lite: Support HIP-lite provisions, and NYCHA and HIP applications for HIP-lite, under the following conditions

7. Craft SEVRA provisions making NYCHA and HPD *de facto* ineligible for full HIP
8. Ensure that HIP-lite provides tenant protections equivalent to current law:
 - a. Maintain statutory protection regarding pet ownership
 - b. Preserve current regulatory standards on eligibility screening (considerations in reviewing criminal record, etc.)
 - c. Retain tenant organizing and participation rights currently provided under the provisions of the HUD 964 regulations

- d. Ensure that residents have participation and consultation rights for PHAs' HIP-lite initial and renewal applications equivalent to rights regarding PHA annual plans
 - e. Retain equivalent of current statutory rights for residents to remain in public housing units converted to vouchers
 - f. Protect applicants' hearing rights by making current regulatory requirements statutory, if Section 14 (in House and Senate bills) is dropped
9. Replace "substantially the same number of families" text with "at least as many families" as the PHA served on either A) the date of the PHA's entry into HIP-lite, or B) the date of approval for the PHA to combine public housing and voucher funds, whichever is later
- TM Under HIP-lite, this requirement would be adjusted up or down if the proration rate of appropriations for either the public housing or the voucher program changes
 - TM Under HIP-lite annual plan review process, failure to assist at least 95% of the number of families assisted in the base year would lead to suspension of the PHA's ability to combine public housing and voucher funds

Other Tenant Protections

10. Insert in the Senate bill provisions equivalent to House section 16 on p.109, requiring one-for-one replacement of public housing units that are demolished or disposed of with comparable "hard" units, including the option of replacement by units funded with project-based vouchers. Insert provision in Senate bill to ensure that replacement units have initial and continuing eligibility, rent burden, and long-term affordability requirements at least as favorable to ELI and VLI tenants as the requirements for public housing units
11. Reduce resident identification requirements
12. Strengthen Enhanced Voucher tenant protections
- a. EV tenants gain statutory right to remain in units with enhanced vouchers
 - b. Streamline the eligibility review for project-based S.8 recipients moving to enhanced vouchers, by specifying that in an application for enhanced voucher assistance, a PHA may only require information from tenants that is required by HUD by statute or regulation.
13. Strengthen protections for voucher holders regarding LIHTC units
- a. Support provision in Senate draft bill regarding non-discrimination against voucher holders in LIHTC buildings
 - b. Support provision in Senate draft bill regarding collection of LIHTC tenant data, with modifications to minimize burdens on owners (by integrating tenant data collection with other LIHTC owner reporting requirements) and without requiring tenants to disclose sensitive info to owners

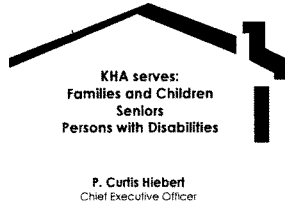
Inspections

14. Give PHAs the option to use withheld subsidy to make repairs in life-threatening emergencies
15. Allow PHAs to accept inspections done under other programs/standards equivalent to or more stringent than Federal HQS

Organizations Endorsing This Strategy

The organizations listed below endorse this legislative strategy for SEVRA drafting in the U.S. Senate. The organizations commit to pursue the strategy jointly and in good faith, to share relevant information and to confer with all others listed below before pursuing any legislative provisions that are not in alignment with this strategy. The organizations also commit to confer with each other at key points in the drafting process in the Senate to revise the strategy if necessary.

Citizens Housing and Planning Council
 Community Voices Heard
 Enterprise
 New York City Department of Housing Preservation and Development
 New York Housing Conference
 Legal Aid Society
 New York City Housing Authority
 SKA Marin
 Supportive Housing Network of New York



Keene Housing Authority
Providing affordable housing in the Monadnock Region.

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**SECTION EIGHT VOUCHER REFORM ACT
(SEVRA)
S2684**

Testimony of P. Curtis Hiebert, CEO, Keene Housing Authority, Keene, NH

Chairman Dodd, Ranking Member Shelby, and members of the Senate Banking Committee, I am Curt Hiebert, Chief Executive Officer of the Keene, NH Housing Authority, and I appreciate the opportunity to testify concerning this legislation. My testimony is in support of this Bill, and I urge you all to support it as well. The improvements to the Section 8 program are vitally needed, but this is also an opportunity to authorize permanently and modestly expand the vital housing innovation engine that is Moving to Work (or HIP).

I am here representing the KHA, but also have the honor of serving as the Senior Vice President of the Public Housing Authority Directors Association (PHADA) which represents over 1900 Housing Authorities across the U.S. Through PHADA I participated in developing industry rent reform proposals and positions, and I have participated in discussions of many provisions in the Housing Innovation Program contained in the House version of SEVRA.



The Keene Housing Authority

The KHA was established 43 years ago and is governed by a 5 member citizen board whose members are appointed by the city's Mayor. The mission of the Keene Housing Authority is, directly or in collaboration with others, to provide and/or advocate for decent, safe and affordable housing for individuals, families, elderly and disabled persons of low and moderate income within the Monadnock Region; and to provide and/or advocate for any and all services and programs that will assist in improving the social and economic welfare of such individuals and families. To that end, the KHA partners with approximately 50 other local, regional and national public, non-profit and for profit organizations. We own and manage 357 assisted housing units serving a mixture of elders, people with disabilities, and families, and we manage a Housing Choice Voucher (HCV) program serving an additional 409 households. I have estimated that the KHA contributes over \$5 million to the regional economy each year, and the KHA pays local communities approximately \$250,000 in annual property taxes.

The KHA was one of the original 24 Moving to Work Demonstration (MTW) sites, and continues to operate its Public Housing and Housing Choice Voucher programs under the terms of an MTW contract. MTW has made dramatic differences in our community, which I will describe below. It has enabled us to collaborate with our residents and the broader community to develop an initiative that provides housing for some of the neediest families of our region, offering stability to elders, people with disabilities and others on fixed incomes and encouraging other families to move towards self-reliance.



The Section 8 Voucher Reform Act

SEVRA contains a large number of detailed provisions, many of which are very attractive to housing sponsors, tenants and participants. There are also a couple of items that are missing that I would like to encourage be included.

Needed and welcome provisions:

- Streamlining rent and income requirements for assisted housing programs.
 - Although the House and Senate versions of SEVRA include parallel provisions, I believe that H.R. 1851 offers greater simplification of rent calculation than the version the committee is considering.
- Simplifying and reducing administrative burden in the HCV program, particularly related to inspection requirements.
- Establishing a permanent, rational renewal and administrative fee funding system that had been chaotic in recent years, handled primarily through appropriations statutes and regulatory interpretation.
- Resolving many minor but confusing and burdensome problems in public housing, the HCV program, the Low Income Housing Tax Credits (LIHTC) program and the project based section 8 programs.



This Senate version of SEVRA has also avoided several pitfalls that were adopted by the House. The House version included:

- Complex provisions concerning program sponsors repairing privately owned housing subsidized with vouchers.
- Provisions authorizing program sponsors to report voucher holders' rent payment history to credit reporting agencies although sponsors may not have direct knowledge or records concerning those histories.
- Provisions that define acceptable identification required of all adult assisted household members. Efforts ostensibly aimed at limiting undocumented immigrants' access to assistance programs have been shown to impact elder and poor citizens'

However, the Senate version of SEVRA also includes some problematic provisions that:

- Impose a permanent cap on vouchers in use of 103 percent of a sponsors authorized units. Many HCV program sponsors have funds available to use to assist families but for an existing cap on overleasing (leasing more vouchers than the number their contracts authorize them to lease). Removing the cap would allow these agencies to use their funds for the intended purpose of assisting low income families to pay for decent housing.
- Authorize the Secretary of HUD to redefine the basis for voucher administrative fees. For several years, sponsors have received administrative funds using a block grant approach based on fees they received in 2003. This is the first year in some time that fees will be based on the distribution method in the Quality Housing and



Work Responsibility Act (QHWRA). Any changes to that methodology will introduce additional unnecessary uncertainty in the HCV program.

Most important, there are two significant omissions in the SEVRA bill this committee is considering.

Moving to Work

First, the Senate bill does not include permanent authorization of the MTW demonstration while the House bill includes the Housing Innovation Program (HIP) that would replace the demonstration program with a permanently authorized version.

I participated in discussions that produced the provisions of the Housing Innovation Program, and they involved significant give and take on the part of stakeholder communities. These provisions should form the foundation for MTW or HIP authorization. The provisions provide for:

- A modest expansion of the number of agencies under an MTW or HIP agreement,
- Assurance that new participating agencies will be diverse as to size and location,
- A new program status (HIP "lite") that provides funding, but not policy, flexibility
- Inclusion of tenant protections contained in the United States Housing Act of 1937 for participants at MTW or HIP agencies
- Elimination of the uncertainty faced by almost 30 current participants concerning the future of their MTW status



- An opportunity to remedy deficiencies concerning evaluation of the impacts of this devolution of program authority to the local level

The MTW program in Keene has resulted in stronger connections between communities and assisted housing residents, experimentation with innovative policy approaches, and some strikingly successful changes for participants in programs traditionally resistant to change. In 1999, 47% of the heads of household in families in the KHA were working full time. Last year, 65% were working full time. In that same period of time, average income for families increased by over 30%. In part, this was because our system did not discourage increases in income, but actually rewarded it.

At the same time, families who experience financial hardships are protected by our program's "Safety Net" provisions. If families experience demonstrable economic hardships, our policies provide mechanisms to reduce families' rent burdens temporarily. The aim is to offer households the time to overcome difficulties that interfered with timely rent payment. Families are able to remain in our housing, the KHA is able to avoid investing the time, energy and money usually required by standard lease enforcement actions, families don't face the added burden of locating alternative housing, and the KHA avoids the burden of releasing any resulting vacancies. Keene's Safety Net is one local example of the protections MTW participants have included in their programs to avoid harsh or unduly burdensome results for



participants. These efforts resulted directly in one finding of *Housing Agency Responses to Federal Deregulation: An Assessment of HUD's "Moving to Work" Demonstration*.

Critics of the subsidy formulas being tested under MTW raise concerns about potential hardships for vulnerable families. Most HAs created protections against severe hardship, but even in those that did not, there is little evidence of extensive hardship.

The most recent Annual Plan and Report that details outcomes resulting from MTW participation, describes program elements in some detail, and describes any policy or program changes we plan in the coming year is posted on the KHA's web site (<http://www.kha.org/mtw.html>). Each year, the KHA prepares an Annual Plan and Report, publishes it in the locality and among public housing and HCV program participants. The Board of Commissioners conducts a public hearing to hear comments, concerns and questions that our plan and report raise. After that hearing, the plan and report may be revised in response to comments from the public and from program participants, and the Board of Commissioners of the KHA formally adopts it. These processes assure you, the Department of Housing and Urban Development, and particularly the citizens of Keene and the participants in our public housing and HCV programs that the KHA remains accountable for the stewardship of these federally assisted housing programs and for the outcomes those programs have promised.



Our program will not work everywhere, but the flexibility available through MTW enabled KHA to create policies and programs that are good for Keene, for our residents and for our stakeholders. Not all, but some other local agencies will be interested in the flexibility and its accompanying accountability, and be in a position to take advantage of a new MTW opportunity. New participants will develop locally crafted policy alternatives as Keene did, that also may not work everywhere but that will significantly benefit their local communities.

I urge you to include a provision in SEVRA for the Moving to Work or HIP program that would:

1. Make the program permanent
2. Grandfather the existing MTW agencies in compliance with their agreements.
3. Modestly increase the number of agencies in the program.
4. Add an effective and easily administered mechanism to evaluate the program.

Alternative Rent Structures

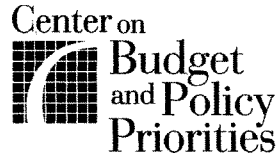
Second, the Senate version of SEVRA does not include authority for local program sponsors to establish alternative rent structures in assisted housing programs. The House provision limits rents under any rent structure to 30 percent of adjusted annual income. While this omission is less important than the omission of an MTW provision, it also represents an omission of a significant opportunity for HAs to develop innovative approaches to rent structures.



Thank you very much for this opportunity. I look forward to the Senate Banking Committee referring a bill to the full Senate for debate.

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"Enhancing Affordable Housing Opportunities: Reforming the Housing Voucher Program"
Subcommittee on Housing, Transportation and Community Development,
Senate Committee on Banking, Housing, and Urban Affairs
April 16, 2008

Testimony by Barbara Sard, Director of Housing Policy

I am Barbara Sard, director of housing policy for the Center on Budget and Policy Priorities. The Center is an independent, nonprofit policy institute that conducts research and analysis on a range of federal and state policy issues, with particular emphasis on fiscal policies and policies affecting low and moderate-income families. We receive no government grants or contracts and are funded by foundations and individual donors.

My testimony today first will briefly review why the Section 8 Voucher Reform Act (SEVRA) enjoys unusually broad support, and then will address why it is important for the Banking Committee to approve S. 2684 promptly so that final legislation may be enacted this year.

SEVRA Is Supported by the Full Range of Stakeholders in the Voucher Program

SEVRA — as passed by the House by a strong bipartisan vote last July and as introduced in the Senate — is supported by the full spectrum of organizations that represent stakeholders in the Section 8 Housing Choice Voucher program. These stakeholders include public housing agencies that administer the program, owners and developers that rent housing to voucher holders, tenant organizations and others that represent the families and individuals who

benefit from housing vouchers, fair housing organizations, veterans' groups, disability rights groups, and anti-homelessness and faith-based organizations that seek to expand the number of families the program serves.

There are three basic reasons that this legislation enjoys such broad support.

- **First, SEVRA includes common-sense reforms to reduce administrative burdens on everyone.** For example, changes to rules governing *inspections* and *rent policies* will benefit owners, families, and public housing authorities alike, by reducing the frequency of required agency actions, allowing PHAs to rely on inspections or income verifications performed by other agencies, and simplifying the rules for setting tenant rent payments. Changes to *portability* policies — the rules that govern families' moves with vouchers from one area to another — will substantially reduce the administrative costs of such moves. SEVRA accomplishes such increased efficiency while retaining key tenant protections, such as federal Housing Quality Standards and income-based rents. In addition, the changes made by SEVRA will advance key program goals, *expanding housing choice, promoting family stability and supporting work* through a new earnings disregard and by stabilizing funding for employment counseling and financial incentives provided through the Family Self-Sufficiency program.
- **Second, SEVRA will update key policies to advance program goals by taking advantage of technological changes in the 10 years since Congress last enacted major voucher/public housing reform legislation and building on lessons learned through program implementation.**
 - *Fair Market Rents and maximum voucher payments* would be set more accurately,

for smaller communities rather than vast metropolitan areas, to ensure that voucher payment standards accurately reflect local market conditions. It is now feasible for HUD to set more local FMRs using data generated by the American Community Survey. *More accurate FMRs will make more efficient use of scarce dollars while enhancing families' ability to use vouchers in communities with greater opportunities.*

- SEVRA also would require HUD to use data PHAs now regularly report to analyze and report annually on tenant *rent burdens*. According to an analysis of HUD data by the Congressional Budget Office, nearly half of the families in the voucher program now pay more than 30 percent of income for housing costs (the federal affordability standard), and about a fifth pay more than 40 percent of income.¹ *SEVRA will help ameliorate such excess rent burdens, enabling the voucher program to be more effective at achieving its chief goal of housing affordability, by making local data public and providing PHAs with flexibility to address these needs.*
- *Updating rules that apply to project-based vouchers.* In late 2000, Congress modified the rules that apply when housing agencies wish to enter into agreements with owners for a share of an agency's vouchers to be used at particular housing developments. Through such "project-basing," agencies can partner with social service agencies to provide supportive housing to formerly homeless people or to support development of mixed-income housing in low-poverty neighborhoods

¹ House Report 110-216, Section 8 Voucher Reform Act of 2007, June 28, 2007, p. 51.

with strong educational or employment opportunities but tight rental markets. Experience has revealed some practical problems in this last revision. The bill would eliminate certain unnecessary procedural requirements and reconcile conflicting rules that have made it difficult to use project-based vouchers in combination with the federal Low-Income Housing Tax Credit.

• **Third, SEVRA will create new flexibility to respond to changing needs.**

- *Financially-troubled owners.* The bill will protect tenants of owners who face financial difficulties — as increasing numbers now do — by giving housing agencies new tools to ensure that buildings are kept in livable condition. PHAs would be able to use subsidy funds to pay utility bills that owners are responsible for but have failed to pay, and to repair life-threatening defects in units. In rural areas, more families will be able to become homeowners by using vouchers for the cost of buying a mobile home, even if it is located on rented land.
- *Preservation of affordable housing.* The Senate bill would provide housing agencies with greater flexibility to use project-based vouchers to preserve housing previously subsidized through other federal programs.
- *Growing housing needs.* Housing needs among lower-income families began to increase in the early part of this decade, even before the foreclosure crisis hit. Escalating foreclosures and the softening economy are exacerbating the need for rental assistance. More families — both renters and former owners — are being displaced, often without the means to obtain replacement rental housing. Renters are especially hard-hit, as they frequently have no notice that the

“owner” to whom they have paid rent is no longer making mortgage payments and has disappeared without returning their security deposits. State and local service providers report an increase in the number of families seeking emergency shelter as a result of foreclosures. SEVRA will help address this growing need by:

- Encouraging housing agencies to utilize all available vouchers. In 2007, only 91 percent of authorized vouchers were used, as a result of misguided changes in funding policy and funding shortfalls in 2005 and 2006 that undermined the effectiveness of the program. (In contrast, about 98 percent of vouchers were in use in 2004.) By basing renewal funding and administrative fees on vouchers in use — and making clear that this policy would be followed every year — SEVRA would create both the incentive and the predictability needed to use all authorized vouchers.
- Allowing housing agencies to serve additional families with available funds. This new flexibility also will create an incentive for agencies to keep per-voucher costs in check so that they can serve more families.

It is Important to Enact SEVRA This Year

The SEVRA reforms will make the voucher program more effective. Worsening economic conditions make it even more important for Congress to act swiftly to provide the new tools that SEVRA makes available to respond to growing housing needs.

Changes in authorizing law benefit families and individuals throughout the country who rely on or are in need of housing assistance. All PHAs should be allowed to take advantage of the streamlined administrative requirements and more flexible rules that SEVRA makes possible, rather than the few agencies that may be able to get waivers from HUD if they get a special provision in an appropriations bill, as four agencies did in this year's bill.

The Senate bill omits a House provision to expand HUD's Moving-to-Work (MTW) demonstration to include up to 80 state and local housing agencies, from up to 29 agencies today. MTW (which the House bill would rename the Housing Innovation Program, or HIP) seeks to promote innovative housing policies by allowing agencies to operate their voucher and public housing programs without regard to many federal statutes and regulations. The House HIP provision, which could affect as many as one third of all voucher holders and public housing residents in the nation, would place far more tenants at risk of harmful consequences than is necessary to test innovative policies. (Such risks are substantially diminished in the "HIP-lite" component of the program.) Waivers of statutory requirements, particularly those that could have adverse effects on vulnerable families, should be available only to the limited extent necessary to learn what future policy changes may improve the program.

Moreover, the evaluation requirements of the House provision are not sufficiently rigorous to ensure that the program will fulfill its purpose as a testing ground for future housing policies.² A HIP provision will likely be added to the Senate bill later in the legislative

² Jeffrey Lubell and Jon Baron, "The Importance of Integrating Rigorous Research Objectives into any Reauthorization of the 'Moving to Work' Demonstration," Center for Housing Policy and Coalition for Evidence-based Policy, March 2007, http://www.nhc.org/pdf/pub_chp_mtw_0307.pdf.

process; to build upon, rather than undermine, the improvements made by SEVRA's other components, it will be important that such a provision limit HIP to a size that is appropriate for a demonstration and improve upon the evaluation and tenant participation components of the House bill.³

The Banking Committee also needs to reassert its appropriate role over voucher renewal funding policy. We've had six years of policy changes by the appropriations committees. These changes caused the loss of about 150,000 vouchers. The last two years have been an improvement, as appropriations bills have funded all vouchers in use in the prior year. But agencies need the assurance that this recent-cost policy will continue in order to use available funds to serve more families. We've attached to the copy of my testimony for each member of the Committee a fact sheet indicating the additional number of families in your state that could receive voucher assistance this year — *with funds agencies already have* — if agencies are assured that if they put these already-authorized vouchers to use this year, they will be eligible for renewal funding next year. Congress would still retain control through the appropriations process of the total amount of voucher renewal funding. But the well-balanced policy established in the authorizing law would assure that funds are efficiently allocated to the agencies that need them to support vouchers in use, bringing sorely-needed stability to the voucher program.

The remainder of my written testimony explains the key SEVRA policy changes in more detail.

³ For additional discussion of the House HIP provision, see Barbara Sard and Will Fischer, "Bipartisan Legislation Would Build on Voucher Program's Success," Center on Budget and Policy Priorities, revised July 26, 2007, <http://www.cbpp.org/5-4-07hous.htm>.

Establishing a Stable, Efficient Voucher Funding Policy

SEVRA's most important provisions would establish a comprehensive policy for distributing funds to the approximately 2,400 state and local agencies that administer the voucher program. From 2004 to 2006, voucher funds were allocated using a series of inefficient formulas that gave some agencies less funding than they needed to cover the costs of their vouchers — forcing them to cut back on assistance to needy families — while providing other agencies with more funds than they could use. This flawed system reduced the number of low-income families using vouchers by approximately 150,000.

In appropriations legislation for fiscal years 2007 and 2008, Congress required HUD to match voucher funding more closely to each agency's actual needs, by basing funding on the cost of each agency's vouchers in the preceding year. This change has enabled agencies to begin restoring the vouchers that were lost from 2004 to 2006. SEVRA would build on this progress through a series of mechanisms that encourage agencies to put as many of their vouchers to use as possible:

- **Extending the new, efficient funding formula into future years.** SEVRA would establish, as part of the authorizing statute governing the voucher program, an ongoing policy that agencies' renewal funding each year will be based on the cost of their vouchers used in the prior year. This will provide agencies — as well as families with vouchers and private owners — with more confidence that renewal funding needs will be met in future years, even if agencies succeed in significantly increasing the share of their authorized vouchers that are in use. (By contrast, the practice during 2004-2006 of changing the funding formula with each annual appropriations act caused many agencies to leave

vouchers unused out of concern that funding would not be available to cover the cost of their vouchers in the following year.)

Recent Administration actions provide further proof of the need for a stable funding policy. Even though Congress has already enacted “recent-cost” formulas for 2007 and 2008 — and is unlikely to back away from that approach in 2009 — the Administration has proposed that voucher funding in 2009 be based primarily on voucher costs back in 2007 (rather than on costs in 2008, as would be the case under a recent-cost approach). Accordingly, HUD staff have informed some housing agencies that if they increase the share of their authorized vouchers that are in use in 2008, they should *not* expect to receive funding to cover the costs of those added vouchers in 2009. Because Congress has not yet enacted a clear statement (like that contained in SEVRA) of what the future funding policy will be, HUD’s statement is likely to cause some agencies to leave vouchers unused rather than distribute them to eligible families.

- **A balanced policy toward unspent funds.** From 2005 through 2007, housing agencies were permitted to accumulate unlimited amounts of unspent voucher funds. This policy — together with factors such as the volatility in voucher funding during those years — encouraged agencies to amass large balances of unspent funds as insurance against future funding shortfalls. SEVRA would allow agencies to keep a modest amount of unspent voucher funds as a reserve, but would encourage them to put their unspent funds to use by making clear that agencies would lose any unspent funds that exceed the permitted

reserve amounts.⁴

- **Bonus funds for agencies with high utilization rates.** SEVRA would use the reallocation of excess unspent funds to reward the agencies that have been most effective in putting their voucher funds to use assisting families. Under both the House and Senate bills, utilization of voucher funds would be one of the main criteria used to distribute reallocated funds.⁵
- **Temporary advances for agencies that exhaust their voucher funds.** To encourage agencies to use all of their voucher funds, SEVRA would create an advance-funding mechanism that would work like overdraft protection. An agency that has insufficient funds in the last quarter of the calendar year to make all of the rent payments that are due to owners could borrow a small portion of its next year's funding, which then would be subtracted from the funding allocated to the agency a few months later. Without this advance option, many agencies would have no choice but to aim for substantially less than 100 percent voucher utilization, for fear that events beyond their control — such as an unexpectedly rapid growth in local rents or a drop in tenants' incomes — would cause a temporary uptick in their expenses and cause them to exceed their budgets. (Agencies could also use reserve funds to cover unexpected cost surges, but they would not have

⁴ The two SEVRA bills would employ different mechanisms to take away excess unspent funds, but the effects on agencies would essentially be identical. Under the House bill, HUD would recapture the funds from the agency. Under the Senate bill, the agency would retain its unspent funds, but the excess funds would be "offset" against — in other words, deducted from — the agency's funding for the following year. The fiscal year 2008 appropriations act includes an offset mechanism similar to the one included in the Senate bill.

⁵ Housing agencies that need funds to cover costs stemming from (1) absorbing "portability" vouchers held by families moving from the jurisdiction of another agency or (2) financial incentives under the Family Self-Sufficiency program would receive top priority for reallocated funds. The remaining reallocated funds would be distributed to other agencies based on their performance in utilizing their voucher funds and, under the Senate bill, on the "relative need of communities" for additional voucher funds.

accumulated reserves if in previous years they had used all of their funds to assist needy families.)

- **More administrative funding for agencies that use more vouchers.** From 2004 to 2007, HUD distributed administrative fees without regard to how well an agency performed. Both SEVRA bills would require HUD to allocate these fees primarily based on the number of vouchers the agency put to use in the previous year, thereby encouraging agencies to maximize voucher utilization. (Congress restored this policy, which had been in place until 2004, in the 2008 appropriations bill; SEVRA would make clear that Congress intends to maintain this policy in future years.) The Senate bill would go a step farther and allow HUD to add incentives for agencies to perform well in other areas of program administration.
- These incentives to serve additional families would *not* weaken Congress's control over the cost of the program. Congress would still determine the amount of annual program funding, and if the funds appropriated in a given year were insufficient to fully fund the renewal formula, HUD would reduce each agency's funding by the same percentage so funds would still be allocated in accordance with agencies' relative needs. SEVRA would simply ensure that, *for any given level of funding*, more families would receive the important benefits that vouchers have been shown to provide.

In addition to encouraging the restoration of the approximately 150,000 vouchers that were lost in recent years, SEVRA would authorize the expansion of the voucher program by 20,000 "incremental" vouchers per year for five years. This would not directly raise federal costs

either, however, since the incremental vouchers would be created only if Congress included the funds for such vouchers in future appropriations bills.

Simplifying Rules for Determining Tenants' Rent Payments

Tenants in HUD's housing assistance programs generally must pay 30 percent of their income for rent, after certain deductions are applied. The House and Senate SEVRA bills would streamline several aspects of the process for determining tenants' incomes and deductions.⁶ As a result, the bills would reduce the burdens that rent determinations place on housing agencies, property owners, and tenants. The changes would also reduce the likelihood of errors in rent determinations and strengthen incentives for tenants to work.

Most significantly, SEVRA would:

- **Reduce the frequency of required income reviews.** Currently, agencies must conduct annual income reviews for *all* tenants, including those who receive most or all of their income from Social Security or SSI and consequently are unlikely to experience much income variation from one year to the next. SEVRA would allow agencies to review the incomes of tenants with

⁶ The House SEVRA bill contains a provision, added as an amendment on the House floor, that would move in the opposite direction by making the process for determining rent payments *more* complex. It would allow agencies to establish alternative formulas for setting rents so long as no family pays more than it would pay under the regular formula. The prohibition on raising rents above the level now permitted is important, since alternative rent systems could otherwise be used that would raise rents substantially on vulnerable families. However, alternative rent systems that only *reduce* rent levels would increase the total cost of housing subsidies, creating a need for additional federal funding. In addition, to ensure that no tenant's rent is increased, agencies that establish alternative formulas would need to calculate each tenant's rent payment twice — once under the alternative formula and once under the regular formula. This would create administrative burdens for agencies, confusion for tenants, and oversight difficulties for HUD. All parties would be better served by the approach taken in the other SEVRA rent provisions, which maintain a single national formula that sets rents based on 30 percent of household income, while simplifying aspects of the current system that create unnecessary burdens.

fixed incomes (including private pensions and certain other periodic payments, along with Social Security and SSI) every three years.⁷

Currently, agencies also must make rent adjustments between annual reviews at the request of any tenant whose income drops. The Senate SEVRA bill would require such adjustments only in cases where a family's annual income drops by \$1,000 or more, thereby reducing the number of such "interim recertifications" that an agency must make while enabling tenants to obtain adjustments in cases where they would otherwise face serious hardship. Interim rent adjustments would be required for *increases* in annual unearned income exceeding \$1,000 as well. (The House bill uses a \$1,500 threshold for such required interim rent changes.)⁸

- **Simplify deductions for the elderly and people with disabilities.** Currently, housing agencies and owners are required to deduct medical expenses and certain disability assistance expenses that exceed 3 percent of a household's income if the household head (or his or her spouse) is elderly or has a disability. Agencies frequently state that this deduction is difficult to administer, since they must collect and verify receipts for all medical expenses. It also imposes significant burdens on elderly people and people with

⁷ Many fixed-income benefits, such as Social Security and SSI, increase annually due to cost-of-living adjustments. To avoid a loss of revenue from this streamlined option, agencies would be required to assume that in the intervening two years these tenants' incomes rose by a rate of inflation specified by the HUD Secretary.

⁸ Neither bill would require families actually to lose (or gain) the full threshold amount before they can receive a rent adjustment. Instead, adjustments would be required for any income change "estimated to result in" an annual change at or above the threshold. For example, under the \$1,000 threshold in the Senate bill, a family that experiences a loss of \$83 in monthly income (which corresponds to a rent reduction of \$25) that is expected to continue would be eligible for a rent adjustment immediately. Under the House bill's \$1,500 threshold, a monthly income loss of \$125 (corresponding to a rent reduction of \$38) would trigger a rent adjustment. In addition, both bills would allow housing agencies and owners to set lower thresholds for rent adjustments due to income reductions (and the Senate bill would allow lower thresholds for rent adjustments due to income increases under some circumstances).

disabilities, who must compile and submit receipts that may contain highly personal information. Largely for these reasons, a significant number of households eligible for the deduction do not receive it. By contrast, a second deduction targeted to the same groups — a \$400 annual standard deduction for each household headed by an elderly person or a person with a disability — is quite simple to administer.

SEVRA would increase the threshold for medical and disability assistance deductions from 3 percent of annual income to 10 percent. This would substantially reduce the number of people eligible for the deduction — and therefore the number of itemized deductions that would need to be verified — while still providing some relief for tenants with extremely high medical or disability assistance bills. At the same time, SEVRA would substantially increase the easy-to-administer standard deduction for the elderly and people with disabilities (to \$700 per household under the Senate bill and to \$725 per household under the House bill) and index it for inflation.

Replace complex work incentives with a simple, equitable earnings deduction. The House bill would eliminate the deduction for child care expenses (which evidence suggests is implemented inconsistently) and a complex provision that deducts some or all of the earnings of certain voucher holders with disabilities and public housing residents who have recently begun working. In their place, it would create a simple provision, under which all working families (not just the limited groups covered by the current deductions) would have 10 percent of their first \$10,000 in earnings deducted. The Senate bill would adopt a similar approach, except that it would retain a deduction for particularly high child care expenses (those exceeding 5 percent of the family's income)

and would apply the 10 percent deduction only to a family's first \$9,000 in earnings.

- **Base rents on a tenant's actual income in the previous year.** Currently, rents are based on a tenant's anticipated income in the period that the rent will cover, usually the coming 12 months. The Senate SEVRA bill would require agencies to base rents on a tenant's actual income in the previous year. This would give tenants an incentive to increase their earnings, since such an increase would not affect their rent for a year. It also would simplify administration, both by allowing agencies and owners to use tax forms and other year-end documentation to verify income and by reducing the need for mid-year rent adjustments for tenants whose earnings change during the year. (The House bill contains a somewhat more complex — and potentially more error-prone — provision that requires agencies to use prior-year *earnings* in calculating rents and allows agencies to decide whether to use prior-year or anticipated *unearned income*.)

SEVRA's Impact on Rent Payments Would Generally Be Modest

A Congressional Budget Office (CBO) estimate released on September 5, 2007 indicates that the House bill's various rent determination provisions would reduce total tenant rent payments by \$205 million a year over five years. As a result, the bill can be expected on average to lower rents for households currently receiving housing assistance. The bill would *not* reduce the total rent revenues paid into the housing assistance programs, however. This is because another provision of the bill would target more vouchers and other assistance to households that have modestly higher incomes — and thus can afford higher rents.⁹ Taken

⁹ Currently, 75 percent of vouchers and 40 percent of project-based Section 8 and public housing units must be allocated to households with incomes at or below 30 percent of the median income in the local area at the time they enter the program. SEVRA would adjust these criteria to require that those vouchers and units be allocated to households with incomes at or below 30 percent of local median income *or the poverty line*, whichever is

together, the changes in SEVRA would *increase* the total amount of tenant rent payments by \$10 million a year, according to CBO. (CBO has not released an estimate of the Senate bill, but its overall effects on tenant rent payments would likely be similar.)

Some individual tenants would face higher or lower monthly rents under SEVRA, but the impact would generally be modest. For example, when the change in the medical deduction is offset by the increase in the \$400 standard deduction, an elderly person or person with a disability with an annual income of \$8,000 who currently receives a large deduction for medical expenses would face a maximum monthly rent increase of \$6.50 under the Senate bill and \$5.88 under the House bill. The maximum rent reduction for a person who has few or no unreimbursed medical expenses (or has such expenses but does not currently receive the deduction to which he or she is entitled) would be \$7.50 a month under the Senate bill and \$8.13 under the House bill.

The House bill's elimination of the child care deduction would lead to the largest rent increases for individual households under either bill. For some households, the new earnings disregard in the House bill would be worth less than the discontinued child care deduction. For example, a family with \$10,000 in earnings and no unearned income that receives a child care deduction of \$250 a month (approximately the average received by families that benefit from the deduction) would see a rent increase of \$50 a month under the House bill. A family that receives an above-average child care deduction would see higher rent increases.

higher. This change would address concerns, expressed by some housing agencies in areas with particularly low median incomes, that the current targeting criteria prevent them from assisting working-poor families. At the same time, it would maintain the emphasis on assistance for the poor.

Under the Senate bill, in contrast, such a household would actually see a modest rent cut regardless of how high its current child care deduction is. On the other hand, the Senate bill would not simplify rent calculations or reduce burdens on housing agencies, owners, and tenants to the same degree as the House bill, which would entirely eliminate the need for tenants to demonstrate child care expenses in order to prove deductions.

Streamlining Housing Inspection Rules to Encourage Participation by Private Owners

The voucher program requires that vouchers be used only in houses or apartments that meet federal quality standards. The SEVRA bills would allow agencies to make modest changes in the inspection process used to ensure that units meet those standards. The changes would ease burdens on agencies and encourage landlords to make apartments available to voucher holders.

Most significantly, SEVRA would allow agencies to inspect apartments every two years instead of annually.

In addition, to eliminate inspection-related delays, the bills would allow agencies to (1) rely on recent inspections performed for other federal housing programs, and (2) make initial subsidy payments to owners even if the unit does not pass the initial inspection, as long as the failure resulted from non-life-threatening conditions. Defects would have to be corrected within 30 days of initial occupancy for the payments to continue. These provisions would encourage owners to participate in the voucher program by minimizing any financial loss due

to inspection delays. They also would enable homeless families to have a place to live more quickly than under current rules.

Protecting Tenants of Owners in Financial Difficulty

Owners who rent to voucher holders sometimes fail to maintain the units in decent condition or to pay utility bills for which they are responsible. Such situations occur from time to time under any circumstances, but are reportedly more frequent during the current housing market downturn, as many owners struggle to make their mortgage payments while meeting other obligations.

Under current rules, if the owner does not make needed repairs or utility payments within a reasonable time, an agency has no choice but to terminate the subsidy payment, requiring the family to move. Such involuntary moves can disrupt children's schooling, force families to double up with others (or become homeless), and possibly lead to the loss of voucher assistance if families are not able to find a suitable new unit to rent.

The SEVRA bills would encourage owners to bring their properties up to standards by stopping subsidy payments for a few months — or until the repairs are made — while families remain in their homes. In addition, the bills strengthen agencies' options when an owner fails to make needed repairs. The Senate bill would allow agencies to use the subsidy payments to make or contract for repairs if the defects are life-threatening; the House bill would go further and allow agencies to use the subsidy payments to repair any significant defect, whether or not it is life-threatening.

In addition, the Senate SEVRA bill (but not the House bill) would give agencies new authority to intervene when owners fail to make utility payments. Under current law,

tenants in such cases would be forced to endure utility interruptions and to leave their homes if the units became uninhabitable. Under the Senate bill, the agency would be permitted to divert subsidy funds that would normally be paid to an owner and use them for payments to utility companies that are needed to maintain service.

Facilitating Use of Project-Based Vouchers

The SEVRA bills would make it easier for housing agencies to enter into agreements with owners for a share of an agency's vouchers to be used at particular housing developments. Through such "project-basing," agencies can partner with social service agencies to provide supportive housing to formerly homeless people or to support development of mixed-income housing in low-poverty neighborhoods with strong educational or employment opportunities but tight rental markets. The bills would, for example, eliminate certain unnecessary procedural requirements and reconcile conflicting rules that have made it difficult to use project-based vouchers in combination with the federal Low-Income Housing Tax Credit.

In addition, the Senate bill would provide housing agencies with greater flexibility to use project-based vouchers to preserve housing previously subsidized through other federal programs. Currently, when an owner leaves another federal housing program or a subsidy is lost for another reason, families living in the building generally receive tenant-based vouchers; these vouchers enable tenants to stay in the building as long as they wish (and continue to need assistance), but once those tenants leave, the subsidies go with them. At the present time, project-based vouchers generally are not used in these circumstances. The Senate bill would change this, and by making it possible for agencies to use project-based vouchers in these cases, would enable the agencies (together with willing owners or a new entity that

purchases the property) to ensure that all or a portion of the units in the building remain affordable. This new option would be especially useful for buildings that are particularly desirable to maintain as affordable housing, such as those located in neighborhoods that are becoming higher income or have strong employment opportunities.

It is important to note that residents of units with project-based voucher assistance have the right to move with voucher assistance after one year, using the next voucher that becomes available when another family leaves the program or the agency receives additional funding. (When this occurs, a voucher remains attached to the housing development, and the family moving out of the development receives a separate voucher.) This “resident choice” feature and other policies make the project-based voucher option, which SEVRA would effectively expand, significantly different from earlier programs that provided project-based assistance.

Expanding Housing Choice

One of the chief benefits of a voucher is that a family can use it to rent modest housing anywhere in the country where there is a voucher program. This mobility has important benefits for many groups of low-income people. For example, it can enable a family to move to a neighborhood with good schools and lower crime, a worker to relocate closer to a job or to take a new job in another community, an elderly person or person with a disability to move closer to family or a needed caregiver, or a domestic violence victim to flee an abuser.

In practice, however, many families face barriers to using a voucher to rent a unit in the location of their choice. SEVRA contains a series of measures designed to address these barriers and expand the choices available to voucher holders.

- **Easing barriers to “portability.”** Under current law, a family has the right to use a voucher to move from the jurisdiction of one housing agency to the jurisdiction of another. Many voucher holders who could benefit from this “portability” option do not, however, because current policies create disincentives for agencies to facilitate a family’s relocation to another agency’s jurisdiction.

A major reason is that the agency that first issues a voucher to a family must continue to cover the cost of the voucher after the family moves, unless the agency in the destination community voluntarily “absorbs” the voucher. This arrangement is administratively cumbersome and can carry added costs for the issuing agency if the community to which the family moves has higher rents than the community the family left. For their part, destination agencies are often reluctant to absorb portability vouchers because that would divert scarce resources away from families on the agency’s own waiting list.

SEVRA would resolve this impasse by requiring destination agencies to absorb the vouchers while allocating additional funding (initially from funds left unused by other agencies) to those agencies to cover the resulting costs. This solution treats both agencies equitably and ensures that the portability process is not unnecessarily cumbersome.¹⁰

- **Supporting regional coordination of voucher programs.** Many vouchers are administered by local agencies with jurisdiction only over small segments of metropolitan regions. These agencies often have little capacity to help families find housing in another part of the region or provide other assistance with cross-jurisdictional moves. And they

¹⁰ The Senate bill modifies the portability provisions in the House bill to clarify that the obligation to absorb portability vouchers is contingent on the availability of the additional funding, and to authorize HUD to direct agencies to revert to current billing procedures if sufficient funds are not available. In addition, the Senate bill provides important safeguards for agencies that would be most affected by the transition to the new policy.

have no ability to support project-based voucher developments in other jurisdictions.

Two provisions included in the Senate SEVRA bill (but not in the House bill) would address these issues. First, the bill would give entities that provide voucher assistance on a regional basis preferential treatment in the allocation of the new incremental vouchers the bill would authorize. This preference would direct more resources toward existing regional voucher programs and encourage agencies to consolidate or create other mechanisms to administer vouchers on a regional basis.¹¹

Second, the Senate bill would allow agencies to transfer some vouchers to another agency that administers vouchers in the same or a neighboring metropolitan area or county, for use in project-based voucher developments. This would enable agencies to coordinate the development of affordable housing on a regional level.

- **Linking caps on voucher payments more closely to the local market.** Housing agencies generally must set the maximum amount of rent a voucher can cover (the “payment standard”) within 10 percent of the “Fair Market Rent” (FMR) that HUD has established for the local area. FMRs are intended to reflect the cost of renting modest housing in local areas. However, HUD generally sets a single FMR for an entire metropolitan area — even for some very large metropolitan areas with millions of residents and major variations in rental costs across local submarkets. In many communities, therefore, FMRs (and thus payment standards) are far above or below the

¹¹ The Senate bill also provides a preference for agencies that use vouchers to preserve existing affordable housing. Both preferences would apply to the selection of agencies to receive new voucher awards after HUD makes preliminary allocations of available funds among states based on formula need factors, such as the number of renters, poverty rates and rent burdens. (Under a longstanding statutory provision, HUD sets the need factors by regulation.) The House bill does not state a preference for how the incremental vouchers it authorizes would be allocated.

cost of a typical modest rental unit.

When payment standards in a portion of a metropolitan area are too low, many families can only use their vouchers in neighborhoods where rents are below average for the area.

Such neighborhoods are more likely to have higher poverty rates and weak schools.

The SEVRA bills require HUD to set FMRs using smaller geographic areas with more uniform rental costs. This change — which would make use of newly available data from the Census Bureau’s American Community Survey that allow rent estimates for small areas to be updated more frequently — would result in voucher payments more closely calibrated to local rental costs. That, in turn, would increase access to housing in lower-poverty neighborhoods with greater employment and educational opportunities. The bills also include other changes to encourage agencies to set payment standards at levels that balance the competing goals of containing per-voucher costs, ensuring affordable rents, and providing voucher holders with access to a range of neighborhoods.¹²

Promoting Homeownership

Two SEVRA provisions would allow housing agencies to use vouchers to support homeownership in new ways. Most significantly, the bills would allow vouchers to be used to cover loan payments, insurance payments, and other periodic costs of buying a manufactured home (subject to the same limits on maximum subsidy levels that are applied to other vouchers), in addition to the cost of renting a space for a manufactured home.

¹² In the voucher program, families pay 30 percent of their income plus any difference between the maximum voucher subsidy and their actual rent and utility costs. According to a CBO analysis of HUD data, nearly half of the families in the program pay more than 30 percent of income for housing costs (the federal affordability standard), and about a fifth pay more than 40 percent of income. House Report 110-216, Section 8 Voucher Reform Act of 2007, June 28, 2007, p. 51.

Currently, vouchers can be used to cover the full range of periodic homeownership costs for the purchase of a traditional home or a manufactured home set on land owned by the family. But if a family rents the space for a manufactured home, which is common, the voucher subsidy is limited to the space rental costs and excludes the costs of purchasing the home. SEVRA would allow vouchers to be used effectively in this segment of the housing market that in some areas is the most readily available source of affordable housing — and that for many low-income families offers the most realistic avenue to homeownership.

In addition, the bills would allow a family (with approval from its housing agency) to use its voucher to pay as much as \$10,000 in a single lump sum toward a downpayment, rather than continuing to receive ongoing voucher assistance. Although the use of this option likely would be quite limited, it could enable some families to purchase homes in cases where the primary barrier to purchase is the lack of funds for a downpayment.¹³

Strengthening the Family Self-Sufficiency Program

The Family Self-Sufficiency (FSS) program encourages work and savings among voucher holders and public housing residents through employment counseling and financial incentives. A key component of this program is funding for agency staff to counsel participants and coordinate employment services with social services agencies and other service providers.

Unfortunately, HUD has changed the criteria for allocating this funding repeatedly in recent years, with the result that many agencies have experienced abrupt funding cutoffs and

¹³ In all but the most expensive areas of the country, \$10,000 would exceed the annual cost of a voucher subsidy. (In 2007, the average voucher subsidy was about \$6,700.) If a housing agency elected this option and chose to pay more than the annual subsidy for which the family would be eligible, it would need to reduce somewhat the number of families served in the current year or draw on reserve funds to obtain the funds needed for the higher downpayment subsidy.

enrollment in the FSS program has declined.¹⁴ To reverse this decline and encourage agencies to provide FSS services and asset-building opportunities to more families, the SEVRA bills provide a stable, dedicated source of funding for FSS program staff.

Conclusion

The Senate SEVRA bill, like the House bill it closely resembles, would build on the voucher program's many strengths through a series of measured, targeted improvements. Moreover, because several of the bill's provisions extend beyond the voucher program, it would improve the public housing and project-based Section 8 programs as well.

If an expansion of the Moving-to-Work demonstration is included in the final bill, it will be important that the expansion be on a more manageable scale than under the House bill and that the evaluation requirements be strengthened. If this is done, and the balanced, carefully crafted nature of the bill's other policy changes is maintained, SEVRA would provide significant benefits to the more than 4 million families served by the nation's major low-income housing assistance programs. The Senate should act quickly on S. 2684 to achieve these benefits during the current Congress.

¹⁴ See American Association of Service Coordinators *et al.*, "Recommendations for Strengthening HUD's Family Self-Sufficiency Program," April 26, 2006, <http://www.fsspartnerships.org/includes/joint%20FSS%20Recommendations.pdf>. It is likely that changes in the voucher renewal funding policy, which created a financial disincentive to enroll families in FSS, also contributed to the decline in FSS participation.

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**Testimony of George Moses
Chair, Board of Directors
National Low Income Housing Coalition
Presented to the
Banking, Housing and Urban Affairs Subcommittee
on Housing, Transportation and Community Development
United States Senate
April 16, 2008**

Chairman Schumer, Ranking Member Crapo and other Members of the Subcommittee, thank you for inviting me to testify before you today on proposals to reform the housing voucher program.

I am George Moses, and I am Chair of the Board of Directors of the National Low Income Housing Coalition (NLIHC), which I am representing today. I am also on the Board of Directors of the Housing Alliance of Pennsylvania.

I lived in project-based Section 8 properties between 1990 and 2006. I was elected Chair of the National Low Income Housing Coalition in 2006 and am the first tenant representative to serve in this role.

The National Low Income Housing Coalition's members include non-profit housing providers, homeless service providers, fair housing organizations, state and local housing coalitions, public housing agencies, private developers and property owners, housing researchers, local and state government agencies, faith-based organizations, residents of public and assisted housing and their organizations, and concerned citizens. The National Low Income Housing Coalition (NLIHC) does not represent any sector of the housing industry. Rather, NLIHC works only on

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behalf of and with low income people who need safe, decent, and affordable housing, especially those with the most serious housing problems. NLIHC is entirely funded with private donations.

The National Low Income Housing Coalition strongly supports the housing choice voucher program, and we are pleased that the Subcommittee is having a hearing on this critical program. The voucher program is HUD's most deeply targeted rental assistance program. Unlike too many other federal housing programs, the resources of the voucher program are targeted to those who need it most -- extremely low income households (those with incomes below 30% of area median) (ELI). Fully 75% of a public housing agency's (PHA) vouchers must serve these extremely low income households.

The voucher program's income targeting also matches well with the affordability needs. The vast percentage of households with affordability problems has extremely low incomes (ELI, incomes below 30% of area median). In Pennsylvania, 74% of renters paying more than 50% of their incomes on rent are ELI households. In Pittsburgh, 82% of households paying more than half of their incomes on rent have incomes below \$18,000 a year, 30% of area median income.

In 2005, the National Low Income Housing Coalition held a voucher summit in direct response to the Bush Administration's undermining of the voucher program, which began in earnest in April 2004 when HUD changed the formula for distributing voucher renewal funds to voucher administrators. Even though Congress fully funded the voucher program for FY04, the administration found a way to distribute the funds in such a way that many public housing agencies and other voucher administrators were left without sufficient funding to either maintain

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voucher payment standards at their current levels or reissue used vouchers to the next households on their waiting lists. By 2007, the nation's voucher program had shrunk by 150,000 households while housing needs increased dramatically.

The voucher summit was attended by sixty-six voucher stakeholders, including voucher holders and representatives from advocacy groups, public housing agencies and their trade groups, affordable housing developers, housing finance agencies, HUD, the Office of Management and Budget, financial institutions and congressional policy and appropriations staff from houses and both sides of the aisle. Each organization at this witness table had a representative at the voucher summit.

NLIHC is extremely pleased that S. 2684, the Section 8 Voucher Reform Act of 2008, includes many of the provisions recommended by the 2005 voucher summit. The policy recommendations produced by the voucher summit on income targeting, funding, inspections, portability, rent simplification, project-basing vouchers and enhanced vouchers are all reflected in S. 2684.

The National Low Income Housing Coalition believes that S. 2684 will restore credibility and reliability in the voucher program so that Congress can expand the number of new, incremental vouchers in circulation. For the first time since FY02, Congress appropriated resources for new vouchers in FY08. NLIHC supports these new vouchers and looks forward to working with the Senate to expand this commitment.

Voucher Funding

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The first reason to enact voucher reform legislation is to fix how voucher renewal funding is distributed. In the HUD FY07 and 08 appropriations bills, such fixes were adopted only for those fiscal years, leaving voucher administrators to wonder what would happen in future fiscal years. Voucher holders, housing agencies, and landlords deserve the stability that comes from the adoption of a new permanent funding formula through the authorization process. NLIHC supports the bill's reliance on actual voucher leasing and cost data in the last calendar year, with appropriate adjustments, to determine each agency's share of annual appropriations.

Rents

NLIHC supports the rent simplifications in the bill. The rent simplification provisions reduce the PHA's administrative burdens while maintaining the affordability of voucher assisted housing. The provisions in the bill will help ensure that residents pay no more and no less for rent than they are required. We are also pleased that the bill does not include provisions similar to those in the House voucher reform bill allowing voucher agencies to establish alternative rent structures.

We appreciate the reporting of rent burdens above 30% and 40% of income to Congress and, especially, that housing agencies must act to increase their payment standards if high rent burdens are found. NLIHC also supports the bill's changes to how fair market rents (FMRs) are set, requiring HUD to establish FMRs for each county in the country. We think that this change will allow FMRs to reflect more accurately actual rents in local markets, thus, keeping the program viable in every market. Affordability, ensuring that voucher holders pay no more than 30% of their adjusted income for rent, is one of the cornerstones of the voucher program. The rent burden and FMR requirements will keep the voucher program affordable.

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Portability

Mobility is another cornerstone of the voucher program. Vouchers should not lock families into certain neighborhoods or communities. The current system for porting vouchers from one administering agency's geographic area to another's is broken and in need of urgent repair for the sake of both the tenants and the administering agencies. With some safeguards for lack of funding, S. 2684 would require receiving agencies to absorb incoming vouchers. The phasing in of this requirement is prudent and will hopefully result in a reliable, long-term portability mechanism.

Enhanced Vouchers

NLIHC supports statutory language to ensure that families eligible for enhanced vouchers can remain in the development that is their home, even if their units are over-sized. The Senate bill's prohibition on rescreening of families eligible for enhanced vouchers will protect families from losing their homes.

Other Screening of Residents

NLIHC greatly appreciates the bill's attention to the scope of voucher eligibility screenings and the due process rights of current and prospective voucher holders. In addition to the very good provisions limiting applicant screenings to criteria directly related to an applicant's ability to fulfill the obligations of an assisted lease, NLIHC also supports S. 2684's provision to prohibit additional screening of public housing residents who must relocate due to demolition or

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disposition. The demolition and disposition of public housing are increasing rapidly and residents must be protected as much as possible.

Project-Basing Vouchers

The bill includes many provisions to update and expand the project-basing of housing vouchers. There is a desperate need for housing affordable to voucher-eligible families. NLIHC is certain that the bill's changes will help to close the 2.8 million unit gap in the number of extremely low income households in the United States (9 million) and the number of existing units affordable to them (6.2 million). (National Low Income Housing Coalition, *Housing at the Half: A Mid-Decade Progress Report from the 2005 American Community Survey*, February 2008, http://www.nlihc.org/doc/Mid-DecadeReport_2-19-08.pdf)

The bill's authorization of "preservation project-based vouchers" where a project owner can request preservation vouchers, instead of tenants receiving enhanced vouchers, could be extremely helpful in maintaining the long-term affordability of these projects.

Performance Standards

NLIHC supports the inclusion of a requirement that HUD establish performance standards for the administration of the voucher program, and in particular, NLIHC commends the inclusion in S. 2684 of the requirement that compliance with income targeting be part of such standards.

New Vouchers

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The Senate's voucher reform bill authorizes 20,000 new vouchers a year for the next five years. Every family that ultimately receives one of these vouchers will have access to safe, decent and affordable housing. But, these additional vouchers are simply not enough. This is a bold bill that makes major improvements to most every aspect of the voucher program. NLIHC strongly believes that these improvements should allow for a much larger expansion of the voucher program. NLIHC supports 100,000 new vouchers a year for the next five years. At such a level, new vouchers could have a significant impact on the nation's housing crisis.

Moving to Work

As we have communicated to Senator Dodd, we are pleased that S. 2684 does not include provisions to extend or expand HUD's Moving to Work (MTW) demonstration program. NLIHC is very concerned about any extension of current MTW demonstration agreements or any expansion of the MTW program and we urge the Committee not to include MTW extensions and expansion in the bill it marks up.

This is a demonstration program, begun in 1996, that has never been evaluated, nor can it be evaluated. The HUD Inspector General found, in 2005, that HUD did not design the MTW program to collect any data. Instead, HUD relied on its existing systems to collect data. But, the report says, "the existing system could not accept tenant information and was not adapted in time to support the interim evaluation and, as a result, HUD was not able to collect tenant information needed to measure interim program impact on costs, family self-sufficiency, and housing choices as planned."

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The report found that, “HUD’s evaluation could not cite (1) statistics showing MTW demonstration activities could be considered models for reducing costs and achieving greater cost-effectiveness, promoting resident employment and self-sufficiency, and increasing choice for low income households, and (2) comparative analyses intended to show the impact of program activities and importance of individual policy changes... We recommend the Office of Public Housing Investments develop a means to collect performance information needed to evaluate Public Housing/Section 8 Moving to Work Demonstration housing authority accomplishments and determine whether any replicable models exist.” (*Design and Implementation of Public Housing / Section 8 MTW Demonstration Program* <http://www.hud.gov/offices/oig/reports/internal/ig500001.pdf>) Given the lack of proof that the program is accomplishing any of its goals, expansion of the program seems ill-considered.

Several other HUD Inspector General reports have also been extremely critical of MTW implementation by specific public housing agencies:

- The Housing Authority of the City of Baltimore was found to have received MTW status even though it applied 31 months after the deadline with an incomplete application that lacked the required public comment period and public hearing. Further, in granting the application, HUD disregarded Baltimore’s status as a troubled agency from 2001 to 2003 and, under SEMAP, in 2004. (*The U.S. Department of Housing and Urban Development Improperly Admitted the Housing Authority of Baltimore City, Baltimore, MD, into the Moving to Work Demonstration Program*, www.hud.gov/offices/oig/reports/internal/ig630002.pdf)

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- The Housing Authority of the City of Pittsburgh, my home town, was found to have stockpiled more than \$81.4 million of HUD funding during the first four years of its MTW status, all completely legally under MTW rules. Meanwhile, the Pittsburgh housing agency did nothing to modernize its 6700 public housing units and it failed to serve 3,000 families waiting for vouchers. According to the HUD Inspector General, “The relaxation of requirements under Moving to Work allowed the Authority to plan and execute a minimal modernization plan without penalty.” Pittsburgh Real Estate Assessment Center (REAC) scores were extremely low: in 2003, 16 of 44 developments (36%) had physical inspection scores below 70 (out of 100). (*Housing Authority of the City of Pittsburgh, PA, Did Not Effectively Implement Its Moving to Work Demonstration Program* <http://www.hud.gov/offices/oig/reports/files/ig531008.pdf>)
- In Philadelphia, the housing authority’s participation in MTW was criticized because HUD accepted this agency into the MTW program without carefully evaluating the agency’s past poor performance in utilizing housing vouchers. A previous HUD Inspector General report on the Philadelphia Housing Authority found very low voucher utilization rates there: in 1999 the agency had a 87.2% utilization rate and it declined from there with a 84.6% rate in 2000; a 77.8% rate in 2001 and a 76.8% rate in 2002. The PHA submitted its application for MTW in 2000 and it was approved in 2002. Despite PHA’s poor performance, no restrictions were placed on it in the MTW agreement. (*HUD’s Oversight of the Philadelphia Housing Authority’s MTW Program* <http://www.hud.gov/offices/oig/reports/internal/ig430003.pdf>)

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In March 2007, fourteen national organizations (Consortium for Citizens with Disabilities Housing Task Force, Lawyers' Committee for Civil Rights, Leadership Conference on Civil Rights, National AIDS Housing Coalition, National Association for the Advancement of Colored People (NAACP), National Coalition for the Homeless, National Council on Independent Living, National Fair Housing Alliance, National Housing Law Project, National Law Center on Homelessness & Poverty, National Low Income Housing Coalition, National Urban League, Poverty & Race Research Action Council and the Technical Assistance Collaborative) wrote to Senator Dodd, saying, "We see expanding MTW to other PHAs as an off-target response to the real problem of federal disinvestment in public housing." The letter described MTW as a block grant that gives housing agencies broad flexibilities to separate income from rents, leaving open the likelihood that rents could be raised far above what residents with extremely low incomes can afford (a copy of the letter is attached to this testimony).

NLIHC's position, as outlined in this letter and supported by at least the national groups listed above, is that MTW should not be expanded to include other housing agencies and that current MTW agreements should not be extended unless the following conditions are met:

- There must be full enforceability of residents' rights as provided by the U.S. Housing Act and HUD regulations.
- There must be no waiver of full portability rights for all households.
- There must be no waiver of any fair housing related requirements.
- There must be in place at the onset new, common data compilation and evaluation mechanisms, so that each program is subjected to the type of evaluation promised.

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- Additional protections are provided for current and potential residents, including protections from unaffordable rents. Any determination of high rent burdens for MTW households would have to be followed by changes in rent policies to keep rents affordable for each household.
- No residents should be subjected to self-sufficiency provisions tied to leases and work or other threshold screening requirements tied to housing eligibility.
- Current income targeting should be maintained with no exceptions.
- Residents must also have a seat on the PHA board, be able to establish a resident advisory board and retain grievance and termination procedures.
- The PHA must continue to assist substantially the same number of families under the program as assisted in the year prior to MTW selection and continue to assist a comparable mix of families by family size.
- Those MTW PHAs that have been the subjects of HUD Inspector General MTW audits must prove their compliance with the program rules before their MTW status can be extended.
- If it is determined during the process of evaluation that a MTW PHA is imposing policies that are harmful to low income tenants or are otherwise found to be mismanaging their portfolios, its MTW status should be terminated.
- An independent accreditation agency, separate from HUD, should be created and charged with determining whether MTW programs have met their goals.

Current residents, as well as extremely poor people in need of affordable housing, must be protected from MTW's worst outcomes, including shifting scarce resources to higher income

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groups, implementing unaffordable rents and requiring draconian time limits and work requirements, all of which have occurred at current MTW sites:

- The San Antonio, TX housing authority used its MTW authority to adopt a policy of no admissions for zero income households.
- The Keene, New Hampshire housing authority used its MTW authority to implement changes in rent policies, which applied to all public housing residents and new voucher holders. (Elderly and disabled residents could chose to stay with the income-based rent policy.) Keene's 2005 MTW report shows that the number of households paying more than 30% of their incomes toward rent increased from 26% in 1999 to 41% in 2005. Keene's stepped rent policies have the effect of turning subsidized, affordable rents into unaffordable rents that approach market rates.
- The Housing Authority of Tulare County (HATC), in Visalia, CA, used its MTW authority to institute five year time limits. As of 2006, several hundred families had time-limited out of the HATC. These were likely HATC's most vulnerable families.

Under MTW, some housing agencies may have undertaken creative new approaches that hold promise. However, others have used MTW to suspend income targeting requirements that assure that those with the most serious housing needs are served and increase tenant rents beyond the point of affordability. In any event, without adequate review we simply do not know if any of these actions have achieved any of the three MTW objectives of reducing program costs, promoting tenant self-sufficiency, and increasing tenants' housing choices. Further the broad

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waivers applicable to this program make it difficult for HUD to administer the program in any systematic way.

Enact SEVRA and the National Housing Trust Fund

Again, we believe that S. 2684 is an extremely important bill, and we urge its swift enactment.

We would also like to urge you to take up the National Affordable Housing Trust Fund of 2008, S. 2523, with all deliberate speed. This legislation would create an off-budget housing trust fund to produce and preserve housing for our nation's lowest income people. The bill was introduced in December, and we hope that it can move forward quickly. We urge all Senators to join their Subcommittee colleagues Senators Schumer, Reed and Menendez in cosponsoring this legislation.

Thank you for considering my remarks.



Testimony of Jack Murray, SHCM, CPM, NAHP-e

April 16, 2008

Subcommittee on Housing, Transportation and Community Development

**“Enhancing Affordable Housing Opportunities: Reforming the Housing
Voucher Program”**

Chairman Schumer, Ranking Member Crapo and distinguished members of the Subcommittee, my name is Jack Murray. I am here today on behalf of two trade associations – the National Affordable Housing Management Association (NAHMA) and the National Leased Housing Association (NLHA).

The National Affordable Housing Management Association (NAHMA) is a trade association which represents multifamily property managers and owners whose mission is to provide quality affordable rental housing. Likewise, NAHMA is the voice in Washington for 20 regional affordable housing management associations nationwide. NAHMA members manage and provide quality affordable housing to more than two million Americans with very low and moderate incomes.

The National Leased Housing Association has represented the interests of owners, developers, lenders, managers and housing agencies involved in providing federally assisted rental housing for more than 30 years. NLHA's more than 500 member organizations are primarily involved in the Section 8 housing programs – both project-based and tenant-based – and provide or administer housing for over three million households.

We commend you, Chairman Schumer and Ranking Member Crapo for your leadership and we thank the members of the subcommittee for your valuable work addressing the nation's need for affordable rental housing. We are pleased and honored to present our views on the Section 8 Voucher Reform Act (SEVRA).

The Section 8 program has long served as America's primary rental subsidy program and we believe it has been largely successful in achieving the goal of assuring decent, safe and affordable housing for low income families and the elderly. We do not believe that the Housing Choice Voucher program is in need of a major overhaul, but are convinced that it can be improved upon with the changes outlined in the SEVRA legislation. The bill has the broad support of other national housing organization as outlined in the attached letter to the Members of the Committee. These groups include the National Multi Housing Council, the National Association of Realtors, the National Association of Homebuilders, and the National Apartment Association among others. We have submitted for the record this February 15, 2008 industry letter.

Our testimony will focus on three issues of particular interest to NAHMA and NLHA.

Inspections

The success of the voucher program is dependent on the willingness of owners/landlords to accept voucher tenants. Our organizations have worked over the years to convince the professional apartment owners to participate in the voucher program and many have, but there are a number of program requirements that give landlords pause, particularly with regard to the inspection standards.

Renting to a voucher holder should not cost a landlord more than it does to rent to an unsubsidized tenant, but often it does due to duplicative inspection standards. Before a Section 8 voucher holder can rent a specific apartment, the administering agency must first inspect the unit to confirm that it complies with HUD-prescribed Housing Quality Standards (HQS). Such unit-by-unit inspections cause intolerable leasing delays and do not necessarily satisfy HUD's objective of protecting residents since many of these properties are already inspected under other Federal programs.

Delays in lease-ups caused by these initial inspections and related processing delays cause apartments to remain vacant. The apartment industry relies on seamless turnover to meet its overhead costs and the financial implications of such delays are enough to deter many owners from participating in the program.

NAHMA and NLHA strongly support SEVRA's provisions that address current redundancy in federal inspection requirements by permitting housing agencies to approve lease-ups of apartments that have been recently inspected under FHA, HOME or the Low Income Housing

Tax Credit (LIHTC) program. The residents are provided much needed housing sooner and the owners are not losing income due to delayed move-ins. Under the bill, housing agencies will continue to inspect the units, but will do so within 30 days after the tenant moves in. Further, SEVRA recognizes that minor repairs can be made after the tenant moves in, a provision supported by our organizations.

SEVRA also permits housing agencies the discretion to inspect apartments occupied by ongoing voucher residents every other year instead of annually. We support that provision for professional landlords, but recommend that small apartment properties (less than 20 units) that are generally not professionally managed, be inspected every year.

Limited English Proficiency

NAHMA and NLHA are especially pleased that SEVRA incorporates Senator Menendez' legislation, S. 2018, which allows HUD to better serve persons with limited English proficiency by providing technical assistance to recipients of Federal funds.

HUD's limited English proficiency guidance became effective on March 7, 2007. The guidance states that recipients of HUD funding, including affordable rental housing providers, have an obligation to provide translated documents and oral interpretation services to persons who have difficulty communicating and reading in the English language. Unfortunately, HUD provided no additional funding for affordable housing providers to offset the costs of providing language services. Another major concern with the guidance was HUD's failure to identify a specific list of documents housing providers would be expected to translate.

Last summer, a coalition of multifamily housing representatives and civil rights advocates proposed the LEP language which is included in SEVRA. Our compromise addresses the cost and vagueness concerns raised by housing providers, and it will provide greater assistance to our residents and applicants with limited English proficiency. NAHMA and NLHA are particularly interested in the provisions which:

- Create a task force of industry and civil rights stakeholders to identify vital documents (to include both official HUD forms and unofficial property documents);
- Require HUD to translate the vital documents within six months; and
- Create a HUD-administered 1-800 hotline to assist with oral interpretation needs.

SEVRA's LEP language is strongly supported by NAHMA and NLHA. It addresses many of the concerns raised by the affordable housing industry. It also provides greater consistency in the level of service for individuals with LEP. Finally, this language provides an excellent framework to guide HUD in the use of its \$380,000 appropriation for LEP translations.

Project-based Vouchers

As our members are actively involved in the operation and development of affordable rental housing, we are particularly pleased that SEVRA would provide flexibility and consistency with regard to the use of vouchers with the Low Income Housing Tax Credit program (LIHTC). The LIHTC program is one of the few Federal programs that can be used to preserve existing affordable housing and construct new affordable housing. Project-based vouchers are an

important tool in expanding the supply of housing, particularly when used with the tax credit program. SEVRA specifically aids such housing by:

- Increasing the percent of voucher funds that PHAs can use for project-based properties from 20 percent to 25 percent (this will make is easier for smaller PHAs to use this program);
- Amends the maximum initial contract term for project-based vouchers from 10 years to 15 years to conform with the tax credit compliance period;
- At the request of a property owner, allow a PHA to provide existing residents with project-based vouchers in lieu of enhanced vouchers when the owner opts out of the subsidy program or prepays a federally subsidized mortgage. This option will protect the residents while ensuring that the actual units are preserved as affordable.

Conclusion

Housing affordability is sorely lacking in America. According to Harvard University, 35 million households spend 30 percent or more of their annual income on housing. The sub-prime mortgage problem is likely exacerbating that situation.

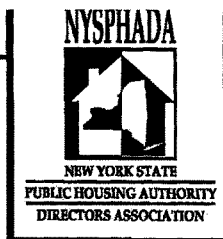
Over 2 million families are assisted with vouchers, but unfortunately for every successful voucher applicant there are many others who will continue to live in substandard housing and/or pay an inordinate amount of their income for rent. SEVRA is an important bill because it recognizes the necessity of the Section 8 voucher program in meeting the needs of low income renters.

We appreciate the opportunity to express our views and encourage the Committee to move quickly to approve SEVRA.

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

MEMBERS

Albany
Amsterdam
Auburn
Batavia
Beacon
Binghamton
Boscawen
Buffalo
Canton
Catskill
Cohoes
Cortland
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Hornell
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Ithaca
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Rochester
Rome
Schenectady
Syracuse
Tonawanda
Tupper Lake
Utica
Watertown
Watervliet
West Coxsack
White Plains
Wilkes



March 31, 2008

The Honorable Charles Schumer
Chairperson, Senate Subcommittee on Housing, Transportation and
Community Development
534 Senate Dirksen Office Building
Washington, DC 20510

Dear Senator Schumer:

I write respectfully to express the views of the New York State Public Housing Authority Directors Association (NYSPHADA.) NYSPHADA represents 56 small, medium and large public housing authorities, comprised of over 185,000 public housing units and over 100,000 Section 8 units across New York State.

On behalf of NYSPHADA, thank you for your strong and steadfast commitment to public and assisted housing in New York State and throughout the country. Such commitment is most recently exemplified by your introduction of Section Eight Voucher Reform legislation.

NYSPHADA is fully supportive of the fundamental principles of the legislation. Rent reform, funding flexibility and reduction of regulatory burdens are absolutely essential changes needed for public housing authorities to continue to provide housing to the same number of families, or perhaps a greater number, with today's reduced federal resources. A fair and consistent funding policy for the Section 8 housing choice voucher program is long overdue, and absolutely necessary in order for public housing authorities to most efficiently and effectively utilize the program.

A very desirable addition to the bill would be the expansion of the Department of Housing and Urban Development's Moving to Work Demonstration program. This would provide the funding flexibility and leveraging capabilities needed to ensure that every Federal dollar is maximized fully. Safeguards could be provided to ensure that current resident income targeting requirements remain in place.

While we realize that the Housing Subcommittee has a very full agenda, we strongly urge you to make deliberation upon and passage of public and assisted housing reform a priority. We look forward to the opportunity for continued and more detailed input in future discussions.

In closing, I would like to convey a special thank you to your aides, Mr. David Stoopler and Mr. Daniel Schneiderman, for their high degree of professionalism and accessibility. Thank you for your consideration of our views, as we continue to work together to achieve our mutual goal of the provision of quality affordable housing for every New Yorker.

Sincerely yours,



Richard K. Miller
Legislative Chairperson

**President: Lawrence M. Vetter, Hornell Housing Authority
87 E. Washington Street Hornell, New York 14843**



675 MASSACHUSETTS AVENUE, CAMBRIDGE, MA 02139 p 617 864 3020 / TDD 800 545 1833 x112 • f 617 868 3372 • w www.cambridge-housing.org

February 12, 2008

The Honorable Christopher J. Dodd
Chairman, Committee on Banking, Housing and Urban Affairs
United States Senate
448 Russell Building
Washington D.C., 20510

Dear Mr. Chairman:

I am writing on behalf of the Cambridge Housing Authority to offer our support for the Section Eight Voucher Reform Act of 2007 (SEVRA). The Section 8 funding formula and programmatic reforms included in the bill are long overdue and will go a long way towards stabilizing this program, which serves nearly two thousand low-income households here in Cambridge.

SEVRA marks the first time in over a decade that the Congress has made a serious effort to simplify the unnecessarily complicated formulae used in rent calculation or the burdensome, and in cases where multiple agencies are inspecting the same units, duplicative inspection process.

Additionally, with its relaxed earned income reporting requirements, SEVRA finds a non-punitive way to encourage work, and increase participants' opportunities to increase earnings and begin saving.

As a result of SEVRA's reforms, the voucher program will run more efficiently, participants will be rewarded for work, and there will be less unnecessary paperwork for all parties involved — housing authorities, tenants, and property owners.

While CHA is fully supportive of SEVRA, I am obliged to convey the importance of including the Housing Innovations Program provisions from

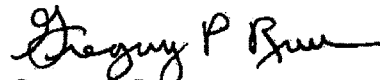
the House version of the bill in the Senate's version. CHA was one of the first Housing Authorities in the nation to participate in the Moving to Work Demonstration, and the flexibility MTW provides has been critical to our success in Cambridge.

MTW has allowed CHA to make groundbreaking policy and administrative reforms in both the voucher and public housing programs (many of which are similar to those found in SEVRA). MTW has also provided CHA significant protection from the vagaries of insufficient funding and our City's expensive rental market.

Over the past decade, MTW agencies have pursued development and policy reforms, which I strongly believe are providing a blueprint for the future of public housing in the United States. The time is right for the Congress to expand this successful program in a meaningful way, including a thorough evaluation component, so that the Congress can take the best ideas coming out of the HIP agencies and apply them to the entire nation.

Thank you very much for your hard work on drafting a great piece of legislation. If enacted, SEVRA will go a long way towards strengthening and streamlining the voucher program so that it may continue to be an essential resource for millions of low income families, elders, and individuals with disabilities for many years to come.

Sincerely,



Gregory P. Russ
Executive Director
Cambridge Housing Authority

CC: Senator J. Keiry
Senator E. Kennedy



February 13, 2008

The Honorable US Senator Christopher J. Dodd
 Chairman, US Senate Committee on Banking, Housing, and Urban Affairs
 534 Dirksen Senate Office Building
 Washington, DC 20510

Dear Senator Dodd;

On behalf of our 250 member organizations, the Connecticut Housing Coalition wishes to go on record as a strong supporter of the Section 8 Voucher Reform Act of 2008 (SEVRA). We have been guided in our decision by the leadership of our Connecticut Section 8 Advocacy Working Group, a diverse group of Section 8 residents, administrators, advocates, and social service providers, who came together during the spring of 2007 to work for the preservation and improvement of the Section 8 program.

The Section 8 program is the largest and most effective affordable housing program available to Connecticut's low income residents. Its preservation is critically important as our housing market is one of the highest priced in the country. Thousands of men, women, and children in our state would not have a roof over their heads without assistance from the program.

We strongly support the Section 8 Voucher Reform Act of 2008 because it maintains the program's core mission while offering innovative change in important areas of concern to both voucher holders and administrators.

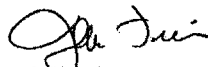
1. SEVRA would establish a voucher funding policy designed to encourage full use of voucher authorizations without fear of penalty. This would eliminate the "boom and bust" funding cycle dynamics of the recent past that have pressured administrators to underlease their supply of vouchers. Connecticut's Section 8 programs would greatly benefit from this change in policy.
2. SEVRA would allow for the awarding of additional vouchers to preserve the affordability of non-federal public housing. This is particularly important in Connecticut because we have a large supply of state public housing. In addition, SEVRA would include the preservation of state public housing as an acceptable preference for the award of incremental vouchers.

page 2.

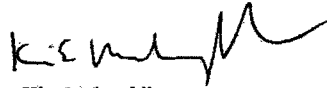
3. SEVRA would address the burgeoning rent burden issue in Connecticut – one of the most pressing concerns of voucher holders in our state. Several Connecticut administrators (members of our Section 8 Advocacy Working Group) report that as many as 30% of the voucher holders in their programs pay over 40% of their income for rent.
4. SEVRA would increase the rights of voucher holders in situations where the landlord is not maintaining a unit in accordance with building code and/or Section 8 program regulations or fails to make utility payments. This is an important change that has been sought by voucher holders and administrators alike because, in the words of one of Connecticut's most respected program administrators, "Our landlords are our biggest problems."
5. SEVRA would establish a rent simplification process and make important changes to rent calculation considerations for voucher holders, including a sizable increase in the standard deduction for elderly and disabled households, the establishment of a \$1000 threshold for the triggering of a downward rent adjustment, and the inclusion of child care payments as acceptable income deductions. Both voucher holders and administrators in Connecticut welcome the changes.
6. SEVRA would offer improved protection for tenants with enhanced vouchers who are facing housing conversion actions, including owner opt-outs and prepayments. We are seeing more and more applications for these actions in Connecticut.

Thank you for your leadership in developing and moving this important legislation forward. Our Connecticut Section 8 Advocacy Working Group, our Board, and our entire membership looks forward to working with you and your staff for the successful passage of the Section 8 Voucher Reform Act of 2008.

Sincerely,



Jeff Freiser
Executive Director
Connecticut Housing Coalition



Kim McLaughlin
Policy Coordinator
Connecticut Housing Coalition

February 13, 2008

VIA FACSIMILE



at The Lyceum

The Honorable Christopher Dodd
 The Honorable Chuck Schumer
 U.S. Senate Committee on Banking, Housing and Urban Affairs
 534 Dirksen Senate Office Building
 Washington, DC 20510

Dear Chairman Dodd and Senator Schumer:

I am writing to express strong support for the Section 8 Voucher Reform Act of 2007 (SEVRA) and your sponsorship of this act. The Partnership for Strong Communities works to advance solutions to homelessness, affordable housing, and foster the creation of vibrant neighborhoods; we believe this legislation is a critical component of solving and preventing homelessness and building strong communities.

SEVRA is a good government bill. It stabilizes the voucher program with a permanent funding policy, while simplifying the rules about how to calculate tenant rents and streamlining the housing inspection process. As a result, the voucher program will run more efficiently, tenants will be rewarded when they increase their work effort, and there will be less unnecessary paperwork for all parties involved — housing authorities, tenants, and property owners.

The voucher program is our nation's leading source of housing assistance for low-income people. It serves nearly two million families with children, elderly people, and people with disabilities. Making sure that it operates as effectively as possible is in their interest as well as in our national interest.

Your legislation represents an important step forward in preserving and improving the Section 8 program — a critical affordable housing resource that effectively targets individuals with disabilities with extremely low incomes, including recipients of Supplemental Security Income (SSI) benefits. The monthly federal Social Security payment in 2006 was \$603/month while the average rent for a 1 bedroom apartment in Connecticut was \$715/month. Therefore Connecticut residents receiving Social Security as their only income need to use 113% of their monthly income toward rent.

Thank you for your leadership in moving this important legislation forward. The Partnership for Strong Communities looks forward to working with you and your colleagues on the Committee to ensure passage of SEVRA in 2008.

Sincerely,

Diane Randall
 Director
 Partnership for Strong Communities



February 20, 2008

The Honorable Christopher J. Dodd, Chairman
Banking, Housing and Urban Affairs Committee
Senate Russell 448
Washington, DC 20510

The Honorable Charles E. Schumer, Chairman
Housing, Transportation and Community Development, Subcommittee
Senate Hart 313
Washington, DC 20510

Dear Senators Dodd and Schumer:

The Local Initiatives Support Corporation (LISC) welcomes the opportunity to express our support for the Section 8 Voucher Reform Act of 2008. In addition to our overall support for the comprehensive Section 8 voucher reform this bill represents, we are particularly encouraged by the provisions in the bill that relate to the preservation of existing rental housing and the resulting protection of residents living in these properties.

Among the many measures in the bill that will help to protect and preserve existing affordable housing and residents, we are very supportive of the unique provision authorizing project-based preservation vouchers, in lieu of enhanced vouchers. This will both protect existing residents as well as provide an opportunity for owners to enhance and preserve the affordability of units, enabling a financeable revenue stream for preservation-oriented owners and purchasers. We are further encouraged to see that the bill strengthens resident protections with portable enhanced vouchers, allowing them to remain under current occupancy rules. The bill will enact amendments to the project-based voucher program to enable owners to serve additional very low-income residents concurrent with a refinancing transaction. This is a hugely important addition to the ability of non-profit community-based developers to protect existing residents in their homes and neighborhoods.

In closing, I would like to thank you for your leadership in reforming the Section 8 program in order to preserve and create affordable rental housing. Your efforts will make a significant contribution to people's lives in neighborhoods and communities across the nation.

LISC is ready, willing and able to work with you towards the enactment of this important bill.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael Rubinger", is written over a light blue horizontal line.

Michael Rubinger
President and Chief Executive Officer
Local Initiatives Support Corporation

LOCAL INITIATIVES SUPPORT CORPORATION
1825 K Street, NW, Suite 1100 ■ Washington, DC 20006 ■ Phone 202.785.2908 ■ Fax 202.835.8931
WWW.LISC.ORG



February 15, 2008

The Honorable Christopher J. Dodd
Chairman
Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Dodd;

Please accept this letter of strong support on behalf of the Section 8 Voucher Reform Act of 2008 (SEVRA). The Corporation for Supportive Housing is a national intermediary working in partnership with government, the nonprofit sector and private philanthropy to end long-term homelessness—here in Connecticut and throughout the nation. For the past 15 years we have seen the impact of appropriately allocated federal resources, such as the Section 8 program, on helping to stabilize the housing experience of thousands of families in Connecticut and across the nation.

The Section 8 program is the largest and most effective affordable housing program available to Connecticut's low income residents. Its preservation is critically important as our housing market is one of the highest priced in the country. Thousands of men, women, and children in our state would not have a roof over their heads without assistance from the program.

Simply put, SEVRA is a good government bill. It stabilizes the voucher program with a permanent funding policy, while simplifying the rules about how to calculate tenant rents and streamlining the housing inspection process. As a result, the voucher program will run more efficiently, tenants will be rewarded when they increase their work effort, and there will be less unnecessary paperwork for all parties involved — housing authorities, tenants, and property owners.

Thank you for your leadership in developing and moving this important legislation forward. Our ongoing efforts to both prevent and end homelessness depend on this critical resource for continued housing affordability which also results in housing stability.

Sincerely,

Francesca Martin
Associate Director
Southern New England Program

CSH HELPS COMMUNITIES

CREATE PERMANENT

HOUSING WITH SERVICES

TO PREVENT AND END

HOMELESSNESS.



February 15, 2008

**The Honorable US Senator Christopher J. Dodd
Chairman, US Senate Committee on Banking, Housing, and
Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510**

Dear Senator Dodd;

The Connecticut Public Housing Resident Network (PHRN), is a statewide organization of public housing residents committed to the preservation and improvement of public housing as a vital resource for low-income families. PHRN representatives participate as members of the the Connecticut Housing Coalition's Section 8 Advocacy Working Group.

We are writing to convey our strong support of your Section 8 Voucher Reform Act of 2008 (SEVRA) legislation.

We know that its development has come from hundreds of conversations with Section 8 voucher holders, including many of us. We believe that it reflects our concerns and the concerns of many other low-income residents throughout the country who are in desperate need of affordable housing.

We particularly appreciate that SEVRA would 1) allow additional vouchers to be awarded for the preservation of our state public housing as affordable housing communities and 2) allow the inclusion of state public housing preservation as an acceptable preference for the award of incremental vouchers. Both of these changes are particularly important to PHRN because many of our

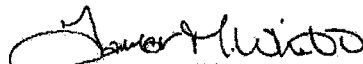
members live in state public housing communities that are in desperate need of revitalization.

We believe that SEVRA would begin to address the problem called "rent burden" that is experienced by so many of our members who are Section 8 voucher holders. Although 30 percent of income is commonly thought to be what voucher holders pay for rent, we have found that more and more people who are assisted by the program are paying upwards of 40 or even 50 percent of their income each month for rent.

We believe that SEVRA provides many new and/or expanded provisions for the protection of the rights of voucher holders in many different situations. We are encouraged that SEVRA will bring a new level of justice, respect, and dignity to Section 8 voucher holders.

Thank you for your leadership in developing and moving this important legislation forward. We intend to be there with you every step of the way - from introduction to passage of the Section 8 Voucher Reform Act of 2008.

Sincerely,


James White
President


Dennis Cahill
Board Member & Section 8
Representative

CT Public Housing Resident Network (PHRN)



February 15, 2008

The Honorable Charles Schumer
Chairman
U. S. Senate Housing, Transportation and
Community Development Subcommittee
Dirksen Senate Office Bldg. - SD-534
Washington, DC 20510

Dear Mr. Chairman:

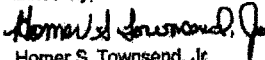
Paralyzed Veterans of America (PVA) appreciates the significant work you and your colleagues have done to modernize the Section 8 housing voucher program for low income Americans. PVA is the only Congressionally-chartered veterans' service organization dedicated solely to representing veterans with spinal cord injury and/or dysfunction. Many of our members depend on the Section 8 program to live in the community of their choice.

The Section 8 Voucher Reform Act, (SEVRA) will stabilize the voucher program with a permanent funding policy, while simplifying the rules about how to calculate tenant rents and streamlining the housing inspection process. Although we have some concerns about changes in the income disregards that may serve as work disincentives, we recognize that this bill will, overall, enable the voucher program to run more efficiently and there will be less unnecessary paperwork for all parties involved — housing authorities, tenants, and property owners.

PVA is particularly grateful for your inclusion of a proposal to exclude retroactive veterans' disability benefits that are received in a lump sum amount from annual income calculations when determining eligibility for federal housing assistance programs. Currently, retroactive social security disability benefits that are received in a lump sum, or in prospective monthly amounts, are excluded from annual income calculations when determining eligibility for these housing programs. Unfortunately, veterans with service-connected disabilities or low income veterans with disabilities are penalized by the loss of housing assistance when they receive an award of back benefits. If enacted, this bill will allow these veterans the same housing opportunities as other Americans with disabilities.

Thank you for remembering America's veterans in this housing measure.

Sincerely,


Homer S. Townsend, Jr.
Acting Executive Director

Chartered by the Congress of the United States

801 Eighteenth Street, NW ★ Washington, DC 20006-3517
phone:(202) 872-1300 ★ tdd:(202) 416-7622 ★ fax:(202) 785-4452 ★ www.pva.org

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PVA MAY 1997 1000



February 15, 2008

The Honorable Christopher Dodd
 Chairman
 U. S. Senate Banking, Housing and
 Urban Affairs Committee
 Dirksen Senate Office Bldg. - SD-534
 Washington, DC 20510

Dear Mr. Chairman:

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 phone:(202) 872-1300 ★ tdd:(202) 416-7622 ★ fax:(202) 785-4452 ★ www.pva.org

CONNECTICUT HOUSING FINANCE AUTHORITY

February 15, 2008

GARY E. KING
President

The Honorable U S Senator Christopher J. Dodd
Committee on Banking, Housing and Urban Affairs
U.S. Senate
534 Dirksen Office Building
Washington, D.C. 20510

Dear Senator Dodd;

I am writing to voice our strong support for the Section 8 Voucher Reform Act of 2008 (SEVRA). Your legislation would allow for the replacement of project-based Section 8 vouchers for the use of preserving and redeveloping state-financed public housing.

Connecticut, as well as Massachusetts, New York and Hawaii, are the only states that operate state-assisted public housing developments. The State of Connecticut has financed the construction of 13,298 units of public housing which exceeds the 12,325 federal public housing units in Connecticut. State-assisted public housing is a valuable affordable housing resource that will be lost unless substantially rehabilitated. Redeveloping this housing through mixed-finance projects offers the promise of maintaining the existing units as affordable and creating additional units of affordable housing.

The use of Section 8 project-based vouchers makes possible the leveraging of other private funds for rehabilitation. However, directing vouchers to these purposes reduces the number of vouchers available to meet the regular needs of the community for tenant-based voucher assistance. This amendment would provide that as vouchers are used for project-based purposes new replacement vouchers would be issued to the housing authority. Many of these developments are aging and their preservation will require costly rehabilitation.

Over the next five years an estimated 4,000 units of state public housing might require project-based Section 8 vouchers to achieve revitalization. We estimate that the annual cost of those vouchers will be approximately \$19.2 million. One needs to take into consideration what the cost would be were the State to lost this public housing and needed to replace it.

The Connecticut Housing Finance Authority (CHFA) has been working very hard for the past two years toward the revitalization of the state's public housing stock in collaboration with the Department of Economic and Community Development, the housing authorities and their residents. We look upon this legislation as a great opportunity to help in the redevelopment of the public housing community.

CHFA hopes you will consider support of this critical legislation. Please let me know if I can provide any further assistance in this matter. Thank you in advance for your consideration of this legislation.

Sincerely,

Gary King

Gary King
President - Executive Director

999 West Street / Rocky Hill, Connecticut 06067-4005 / 860-721-9501





Religious Action Center
of Reform Judaism

*The Religious Action Center
pursues social justice
and religious liberty
by mobilizing the American
Jewish community and
serving as its advocate
in the nation's capital.*

Rabbi David Saperstein
Director and Counsel

Mark J. Pelavin
Associate Director

Cheryl Gutmann
Chair
Commission on Social
Action of Reform Judaism

Rabbi Maria J. Feldman
Director
Commission on Social
Action of Reform Judaism

*The Religious Action
Center operates under
the auspices of the
Commission on Social
Action of Reform
Judaism, a joint
instrumentality of the
Central Conference of
American Rabbis and
the Union for Reform
Judaism with its
affiliates:*

*American Conference of
Canons*

*Association of Reform
Zionists of America*

*Canadian Association of
Reform Zionists*

*Early Childhood Educators of
Reform Judaism*

*National Association of Temple
Administrators*

*National Association of Temple
Educators*

Men of Reform Judaism

*North American Federation
of Temple Youth*

*Program Directors of
Reform Judaism*

Women of Reform Judaism

Arthur and Sara Jo Koberger Building
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at Kivie Kaplan Way
Washington, DC 20036
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Fax: 202.657.9070
E-mail: rac@urj.org
Visit our website at www.rac.org

Senator Chris Dodd
534 Dirksen Building
Washington DC 20510

February 13, 2008

Dear Chairman Dodd,

On behalf of the Union for Reform Judaism, whose more than 900 congregations across North America encompass 1.5 million Reform Jews, and the Central Conference of American Rabbis (CCAR), whose membership includes more than 1,800 Reform rabbis, I write to voice our strong support for the Section 8 Voucher Reform Act of 2008 (SEVRA).

The Section 8 voucher program is our nation's leading source of housing assistance for low-income people, currently serving nearly two million families with children, elderly people, and those with disabilities. The voucher program is one of the government's most effective; studies show it helps families move out of high-poverty neighborhoods, reduces homelessness and housing instability, lifts people above the poverty line, and promotes continued employment.

SEVRA would stabilize the voucher program with a permanent funding policy, replacing an outdated funding formula with one that would match funding more closely to a housing agency's actual needs. The bill would also simplify the rules for determining tenants' rents and streamline the housing agencies' inspection process. A reformed voucher program would help low-income people and put tax-payer dollars to better use. For these reasons, among others, the bill was passed by an overwhelming, bipartisan House vote in July 2007.

The Biblical imperative to care for those in need is at the root of our support for SEVRA: "If there is a needy person among you...do not harden your heart and shut your hand against your kin. Rather, you must open your hand and lend whatever is sufficient." (Deuteronomy 15:7-11) Reform Judaism has long recognized that helping someone become self-sufficient is the greatest act of charity. Housing is the foundation upon which self-sufficiency is maintained.

Thank you for your leadership in moving this important legislation forward. We look forward to working with you to ensure passage of SEVRA in 2008.

Sincerely,

Mark J. Pelavin
Associate Director



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448 Russell Building
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Thank you for your leadership in moving this important legislation forward. We look forward to working with you to ensure passage of SEVRA in 2008.

Sincerely,

Mark J. Pelavin
Associate Director



Connecticut Coalition to End Homelessness

77 Buckingham Street, Hartford CT 06106 | P (860) 721-7876 | F (860) 257-1148 | www.cceh.org

February 15, 2008

The Honorable US Senator Christopher J. Dodd
Chairman, US Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Dodd,

On behalf of our 92 member organizations, the Connecticut Coalition to End Homelessness wishes to go on record as a strong supporter of the Section 8 Voucher Reform Act of 2008 (SEVRA). Founded in 1982, the Coalition to End Homelessness works with communities, providers, and families and individuals facing homelessness, to ensure that we end homelessness in our state. We are guided by the belief that we can end homelessness in our state.

However, we know that such a goal is unachievable without programs such as the Section 8 program. The Section 8 program is the largest and most effective affordable housing program available to Connecticut's low income residents. Its preservation is critically important as our housing market is one of the highest priced in the country. Thousands of men, women, and children in our state would not have a roof over their heads without assistance from the program.

We strongly support the Section 8 Voucher Reform Act of 2008 because it maintains the program's core mission while offering innovative change in important areas of concern to both voucher holders and administrators.

1. SEVRA would establish a voucher funding policy designed to encourage full use of voucher authorizations without fear of penalty. This would eliminate the "boom and bust" funding cycle dynamics of the recent past that have pressured administrators to underlease their supply of vouchers. Connecticut's Section 8 programs would greatly benefit from this change in policy.
2. SEVRA would allow for the awarding of additional vouchers to preserve the affordability of non-federal public housing. This is particularly important in Connecticut because we have a large supply of state public housing. In addition, SEVRA would include the preservation of state public housing as an acceptable preference for the award of incremental vouchers.
3. SEVRA would address the burgeoning rent burden issue in Connecticut -- one of the most pressing concerns of voucher holders in our state.
4. SEVRA would increase the rights of voucher holders in situations where the landlord is not

page 2.

maintaining a unit in accordance with building code and/or Section 8 program regulations or fails to make utility payments. This is an important change that has been sought by voucher holders and administrators alike because, in the words of one of Connecticut's most respected program administrators, "Our landlords are our biggest problems."

5. SEVRA would establish a rent simplification process and make important changes to rent calculation considerations for voucher holders, including a sizable increase in the standard deduction for elderly and disabled households, the establishment of a \$1000 threshold for the triggering of a downward rent adjustment, and the inclusion of child care payments as acceptable income deductions. Both voucher holders and administrators welcome the changes.
6. SEVRA would offer improved protection for tenants with enhanced vouchers who are facing housing conversion actions, including owner opt-outs and prepayments. We are seeing more and more applications for these actions in Connecticut.

Thank you for your leadership in developing and moving this important legislation forward. We know that we can end homelessness in Connecticut, but not without legislation such as SEVRA that ensures affordable housing opportunities for all of our citizens.

Sincerely,



Carol Walter
Executive Director
Connecticut Coalition to End Homelessness



February 13, 2008

The Honorable US Senator Christopher J. Dodd
 Chairman, US Senate Committee on Banking, Housing, and Urban Affairs
 534 Dirksen Senate Office Building
 Washington, DC 20510

Dear Senator Dodd;

On behalf of our 250 member organizations, the Connecticut Housing Coalition wishes to go on record as a strong supporter of the Section 8 Voucher Reform Act of 2008 (SEVRA). We have been guided in our decision by the leadership of our Connecticut Section 8 Advocacy Working Group, a diverse group of Section 8 residents, administrators, advocates, and social service providers, who came together during the spring of 2007 to work for the preservation and improvement of the Section 8 program.

The Section 8 program is the largest and most effective affordable housing program available to Connecticut's low income residents. Its preservation is critically important as our housing market is one of the highest priced in the country. Thousands of men, women, and children in our state would not have a roof over their heads without assistance from the program.

We strongly support the Section 8 Voucher Reform Act of 2008 because it maintains the program's core mission while offering innovative change in important areas of concern to both voucher holders and administrators.

1. SEVRA would establish a voucher funding policy designed to encourage full use of voucher authorizations without fear of penalty. This would eliminate the "boom and bust" funding cycle dynamics of the recent past that have pressured administrators to underlease their supply of vouchers. Connecticut's Section 8 programs would greatly benefit from this change in policy.
2. SEVRA would allow for the awarding of additional vouchers to preserve the affordability of non-federal public housing. This is particularly important in Connecticut because we have a large supply of state public housing. In addition, SEVRA would include the preservation of state public housing as an acceptable preference for the award of incremental vouchers.

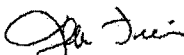
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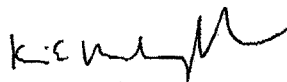
3. SEVRA would address the burgeoning rent burden issue in Connecticut -- one of the most pressing concerns of voucher holders in our state. Several Connecticut administrators (members of our Section 8 Advocacy Working Group) report that as many as 30% of the voucher holders in their programs pay over 40% of their income for rent.
4. SEVRA would increase the rights of voucher holders in situations where the landlord is not maintaining a unit in accordance with building code and/or Section 8 program regulations or fails to make utility payments. This is an important change that has been sought by voucher holders and administrators alike because, in the words of one of Connecticut's most respected program administrators, "Our landlords are our biggest problems."
5. SEVRA would establish a rent simplification process and make important changes to rent calculation considerations for voucher holders, including a sizable increase in the standard deduction for elderly and disabled households, the establishment of a \$1000 threshold for the triggering of a downward rent adjustment, and the inclusion of child care payments as acceptable income deductions. Both voucher holders and administrators in Connecticut welcome the changes.
6. SEVRA would offer improved protection for tenants with enhanced vouchers who are facing housing conversion actions, including owner opt-outs and prepayments. We are seeing more and more applications for these actions in Connecticut.

Thank you for your leadership in developing and moving this important legislation forward. Our Connecticut Section 8 Advocacy Working Group, our Board, and our entire membership looks forward to working with you and your staff for the successful passage of the Section 8 Voucher Reform Act of 2008.

Sincerely,



Jeff Freiser
Executive Director
Connecticut Housing Coalition



Kim McLaughlin
Policy Coordinator
Connecticut Housing Coalition



**CONSORTIUM FOR CITIZENS
WITH DISABILITIES**

February 11, 2008

The Honorable Chris Dodd
The Honorable Chuck Schumer
Committee on Banking, Housing and Urban Affairs
United States Senate
534 Dirksen Office Building
Washington, DC 20510

Dear Chairman Dodd and Senator Schumer:

On behalf of the Consortium for Citizens With Disabilities (CCD) Housing Task Force, we are writing to voice our strong support for the Section 8 Voucher Reform Act of 2008 (SEVRA). The CCD Housing Task Force is a coalition of national organizations representing people with disabilities, their family members, providers of housing and supportive services and advocates. Among the groups that are part of the CCD Housing Task Force are Easter Seals, the United Spinal Association, United Cerebral Palsy, the National Disability Rights Network, the American Network of Community Options and Resources, Mental Health America, the National Alliance on Mental Illness, The Arc, and Lutheran Services in America.

Your legislation represents an important step forward in preserving and improving the Section 8 program – a critical affordable housing resource that effectively targets individuals with disabilities with extremely low incomes, including recipients of Supplemental Security Income (SSI) benefits who are on average at only 18.2% of area median income. Without access to rental assistance, these individuals must pay (on average) 113% of their monthly cash benefits to rent a modest 1-bedroom apartment.

CCD strongly supports protections in SEVRA that ensure that eligibility for Section 8 is protected for people with disabilities and rent burden is not shifted to tenants.

1) SEVRA would establish a more efficient voucher funding policy

SEVRA would replace an outdated funding formula with one that would match funding more closely to a housing agency's actual needs and reward agencies that use more of their voucher funds. This will encourage housing agencies to put more vouchers into use, while at the same time ending the waste that occurs under the current system.

2) SEVRA helps streamline the rules for determining tenants' rent payments

Your legislation maintains the 30% rent standard and will ensure that most voucher holders will not be forced to pay more than 30% of their monthly income for rent. Maintaining this protection is critical for people with disabilities living on fixed incomes such as SSI and SSDI benefits. In addition, SEVRA will allow for important adjustments and work-related deductions of 10% of the \$9,000 in earnings – indexed to inflation in future years. This is critically important for people with

disabilities attempting to work part-time or full-time. Current HUD policy allows agencies to disregard income for people with disabilities, but only for up to 3 years. CCD supports this change in policy that will allow for a disregard beyond this time limit.

In addition, SEVRA will also allow housing agencies to review the incomes of tenants with disabilities living on fixed incomes (such as SSDI and SSI cash benefits) every three years, instead of every year and to assume that in the intervening two years, the tenant's income rose at the rate of inflation (which is used to make annual cost-of-living adjustments to many fixed-income benefits).

Finally, CCD strongly supports the generous increase in the Elderly/Disabled Household Deduction included in the bill. This important allowance has not been adjusted above its current level of \$400 for many years. SEVRA would increase the deduction to \$700, and most importantly, would adjust it for inflation in future years.

3) SEVRA creates greater flexibility for agencies while maintaining targeting to extremely low-income households

CCD strongly supports maintaining critical low-income targeting rules that require agencies to issue 75 percent of their vouchers each year to households with incomes at or below (a) 30 percent of the local median income or (b) the federal poverty line, whichever is higher. SEVRA improves on this policy by granting flexibility to agencies in the lowest-income areas while maintaining the program's emphasis on assisting the families most in need.

4) SEVRA codifies the requirement for HUD to issue guidance on targeting of "non-elderly disabled" vouchers upon turnover

CCD is grateful for language in SEVRA ensuring that vouchers that were allocated by Congress between FY 1997 and FY 2002 – and again in FY 2008 – for non-elderly people with disabilities remain targeted to this intended population upon turnover. Despite years of prodding by Congress, HUD has been slow to provide the appropriate guidance to housing agencies that have these non-elderly disabled vouchers about their ongoing obligation to direct these vouchers to people with disabilities. Articulating this policy in statute will ensure that HUD and participating agencies fulfill the intent of Congress.

Thank you for your leadership in moving this important legislation forward. The CCD Housing Task Force looks forward to working with you and your colleagues on the Committee to ensure of SEVRA passage in 2008.

Sincerely,

CCD Housing Task Force Co-Chairs:

Andrew Sperling
National Alliance on Mental Illness

Kathy McGinley
National Disability Rights Network

Liz Savage
The Arc and United Cerebral Palsy Disability Policy Collaboration



Public Housing Authorities Directors Association

511 Capital Court, NE, Washington, DC 20002-4837
phone: 202-546-5445 fax: 202-546-2280 www.phada.org

The Honorable Christopher J. Dodd
Chair, Senate Banking Committee
534 Dirksen Senate Office Building
United States Senate
Washington, DC 20510

February 6, 2008

Dear Mr. Chairman:

For some time, the Public Housing Authorities Directors Association (PHADA) has been engaged in discussions with the Senate Banking Committee staff concerning the contents of the Section 8 Voucher Reform Act of 2008 (SEVRA). We want you to know that we have appreciated the opportunity to inform the committee of concerns of PHADA's 1,900 member agencies. These dialogues have been very helpful.

The current version of the bill includes many provisions that will help our members streamline their operations during these difficult budget times while continuing to assist large numbers of low income families who rely on public housing and on rental assistance for private sector housing. We support the legislation and are pleased to engage in continued discussions with committee staff concerning further improvements to the bill.

For instance, the bill is silent on making the Moving to Work (MTW) demonstration program permanent. As you know, PHADA, its leadership and its members have actively engaged assisted housing stakeholders in developing MTW provisions that address concerns with the existing demonstration program while making the program permanent. We understand that an MTW provision will be proposed to become part of a bill that the committee reports to the full Senate. We believe that a workable, comprehensive MTW provision is essential to the bill.

Thank you for your commitment and persistence in shepherding SEVRA through Senate consideration.

Sincerely,

Timothy G. Kaiser
Executive Director
Public Housing Authorities Directors Association



*Dedicated solely to ending America's
affordable housing crisis*

February 13, 2008

The Honorable Christopher Dodd
The Honorable Chuck Schumer
Committee on Banking, Housing and Urban Affairs
United States Senate
534 Dirksen Office Building
Washington, DC 20510

Dear Chairman Dodd and Senator Schumer:

I am writing in support of the Section 8 Voucher Reform Act of 2008 (SEVRA). The bill as drafted includes significant improvements to the voucher program, which provides rental assistance to about 1.9 million families, the majority of whom are extremely poor.

The National Low Income Housing Coalition does not represent any sector of the housing industry. Rather, NLIHC works only on behalf of and with low income people who need safe, decent, and affordable housing, especially those with the most serious housing problems.

Among other benefits, the bill would:

- fix the distribution of voucher renewal funds by establishing annual re-benchmarking of voucher costs that will most closely match actual costs of administering vouchers at the local level,
- support the portability of vouchers by requiring receiving housing agencies to absorb ported-in vouchers from other housing agencies as long as sufficient funds are available,
- implement important housing preservation provisions,
- simplify rent calculations for voucher, public housing and project-based Section 8 tenants, and
- authorize 20,000 new vouchers a year for the next five years.

NLIHC is pleased that the draft Senate SEVRA bill does not include an expansion of the public housing Moving to Work demonstration program. This demonstration program has not been evaluated and many anecdotal reports from residents point to the harmful effects of some of Moving to Work's many flexibilities. The program should not be expanded until it is evaluated and such an expansion should be informed by lessons learned from the first cadre of Moving to Work sites. Expanding the program prior to evaluation will put additional residents at risk of harmful policies like unaffordable rent-setting, time limits and lack of investment in current PHA programs. NLIHC believes that Moving to Work threatens the availability of affordable housing to the lowest income households.

We look forward to working with you on enactment of SEVRA in 2008.

Sincerely,

Sheila Crowley
President and CEO



www.endhomelessness.org
IMPROVING POLICY | BUILDING CAPACITY | EDUCATING OPINION LEADERS

1518 K Street, NW, Suite 410 | Washington, DC 20005
Tel 202.638.1526 | Fax 202.638.4664

February 13, 2008

The Honorable Christopher Dodd
United States Senate
448 Russell Building
Washington, DC 20510

Dear Chairman Dodd:

The National Alliance to End Homelessness strongly supports the Section 8 Voucher Reform Act of 2008 (SEVRA). Your legislation improves the Section 8 program, making it more efficient and enhancing its contribution to the goal of ending homelessness.

The Housing Choice Voucher program is one of the most important tools we have to prevent and end homelessness. The evidence supporting the voucher program is overwhelming:

- In a randomized experiment of the Welfare to Work voucher program, vouchers reduced the likelihood of homelessness by 74 percent—12.5 percent of families who did not receive a housing voucher became homeless over a 5-year period, while only 3.3 percent of those who received a voucher became homeless.
- Another study found that homeless families were 20.6 times more likely to be stably housed (in their own apartment for at least a year) three years after becoming homeless if they had received housing vouchers or other subsidized housing than if they had not.

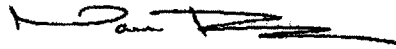
We support the SEVRA bill in its entirety. It includes several provisions that make the program much simpler to administer and ensure a better allocation of resources. We want to specifically commend you for including the following provisions:

- Enhancing project based assistance—Project based vouchers are a very successful tool for developing permanent supportive housing and other housing targeted to homeless people. Increasing the 20 percent cap on the number of units that are project based and allowing 15-year terms will enable affected PHAs to increase their supply of permanent supportive housing.

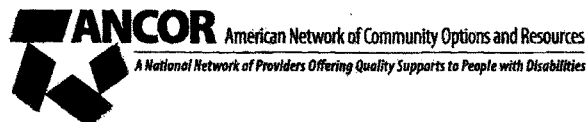
- **Limiting tenant screening**—For many homeless individuals and families, discrimination in the rental market is a severe barrier to exiting homelessness. Some PHAs exacerbate this problem by applying unnecessarily restrictive screening criteria to their voucher programs. By limiting the circumstances under which a PHA can screen out tenants, SEVRA would help more homeless families receive the voucher assistance that helps end homelessness.

Thank you for your leadership in moving this important legislation forward. The National Alliance to End Homelessness looks forward to working with you and your colleagues on the Committee to ensure that SEVRA is enacted in 2008.

Sincerely:

A handwritten signature in black ink, appearing to read "Nan Roman", with a stylized flourish at the end.

Nan Roman
President



February 14, 2008

The Honorable Chris Dodd
The Honorable Chuck Schumer
Committee on Banking, Housing and Urban Affairs
United States Senate
534 Dirksen Office Building
Washington, DC 20510

Dear Chairman Dodd and Senator Schumer:

On behalf of the American Network of Community Options and Resources (ANCOR) and its 880 private providers of supports to more than 380,000 people with mental retardation, developmental and other disabilities throughout the nation, we are writing to express our strong support for your legislation that represents an important step forward in preserving and improving the Section 8 program – a critical affordable housing resource that effectively targets individuals with disabilities with extremely low incomes, including recipients of Supplemental Security Income (SSI) benefits. Without access to rental assistance, these individuals must pay (on average) 113% of their monthly cash benefits to rent a modest one-bedroom apartment. In 2006, 150,000 people on Public Housing Agency waiting lists were unable to obtain Section 8 vouchers because of insufficient funding.

ANCOR strongly supports protections in SEVRA that ensure that eligibility for Section 8 is protected for people with disabilities and rent burden is not shifted to tenants.

1) SEVRA would establish a more efficient voucher funding policy.

SEVRA would replace an outdated funding formula with one that would match funding more closely to a housing agency's actual needs and reward agencies that use more of their voucher funds. This will encourage housing agencies to put more vouchers into use, while at the same time ending the waste that occurs under the current system.

2) SEVRA will help streamline the rules for determining tenants' rent payments and allow housing agencies to review the incomes of tenants with disabilities on fixed incomes (such as SSDI and SSI) every three years, instead of every year.

Housing agencies can then assume that in the intervening two years, the tenant's income rose at the rate of inflation (which is used to make annual cost-of-living adjustments to many fixed-income benefits). ANCOR strongly supports this change and reduction of burdensome paper work.

3) SEVRA will allow for a simple deduction of the first 10% of \$9000 in earned income indexed to inflation in future years indefinitely for a person with a disability.

This is critically important for people with disabilities attempting to work part-time or full-time. Current HUD policy allows agencies to disregard income for people with disabilities, but only for up to 3 years. ANCOR supports this change in policy that will allow for the deduction to occur indefinitely.

4) SEVRA would increase the Elderly/Disabled Deduction from \$400 deduction to \$700 and would adjust that amount for inflation in future years.

ANCOR strongly supports the generous increase in the Elderly/Disabled Household Deduction included in the bill. This important allowance has not been adjusted above \$400 for many years.

5) SEVRA codifies the requirement for HUD to issue guidance on targeting of "non-elderly disabled" vouchers upon turnover.

ANCOR is grateful for language in SEVRA ensuring that vouchers that were allocated by Congress between FY 1997 and FY 2002 – and again in FY 2008 – for non-elderly people with disabilities remain targeted to this intended population upon turnover. Despite years of prodding by Congress, HUD has been slow to provide the appropriate guidance to housing agencies that have these non-elderly disabled vouchers about their ongoing obligation to direct these vouchers to people with disabilities. Articulating this policy in statute will ensure that HUD and participating agencies fulfill the intent of Congress.

Thank you for your leadership in moving this important legislation forward. ANCOR looks forward to working with you and your colleagues on the Committee to ensure of SEVRA passage in 2008.

Sincerely,

Jessica Sadowsky
Government Relations Associate
American Network of Community Options and Resources



February 15, 2008

The Honorable Christopher J. Dodd
Chairman, Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Charles E. Schumer
Chairman, Subcommittee on Housing, Transportation, and Community Development
United States Senate
Washington, DC 20510

Dear Chairman Dodd and Chairman Schumer:

Enterprise Community Partners, Inc. strongly supports the Section 8 Voucher Reform Act (SEVRA), which makes important improvements to the Housing Choice Voucher Program, our nation's leading rental assistance program for low-income Americans. This program serves nearly two million families with children, the elderly and people with disabilities. Making sure that it operates as effectively as possible is in their interest as well as in our national interest.

A national nonprofit organization, Enterprise is the leading provider of the development capital and expertise it takes to create decent, affordable homes and rebuild communities. For 25 years, Enterprise has pioneered neighborhood solutions through public-private partnerships with financial institutions, governments, community organizations and others that share our vision. Enterprise has raised and invested nearly \$9 billion in equity, grants and loans and is currently investing in communities at a rate of \$1 billion annually.

Simply put, SEVRA is a good government bill, developed thoughtfully on a bipartisan basis. It stabilizes the voucher program with a permanent funding policy while simplifying the rules for calculating tenant rents and streamlining the housing inspection process. As a result, the voucher program will run more efficiently, tenants will be rewarded when they increase their work effort and there will be less unnecessary paperwork for all parties involved — housing authorities, tenants and property owners. In particular, Enterprise applauds the series of improvements to the Project-based Voucher Program, which would help Enterprise and our industry partners to build and preserve additional affordable rental housing.

Enterprise commends you for your commitment to the creation of decent, safe and affordable homes, and urges Congress to expedite the passage of this critical legislation. Please call upon us if we can provide additional information or assistance.

Sincerely,

A handwritten signature in dark ink, appearing to read "Doris W. Koo".

Doris W. Koo
President and Chief Executive Officer
Enterprise Community Partners, Inc.



February 14, 2008

The Honorable Chris Dodd
The Honorable Chuck Schumer
Committee on Banking, Housing and Urban Affairs
United States Senate
534 Dirksen Office Building
Washington, DC 20510

Dear Chairman Dodd and Senator Schumer:

We are writing to convey our support S ____, Section 8 Voucher Reform Act of 2008 (SEVRA). We believe this legislation makes important and much needed reforms to the voucher program and improves and streamlines the income calculations for determining rent for all of the low-income federal housing programs.

The National Housing Law Project (NHLP) is a 40 year old national housing law and advocacy center whose mission is to advance housing justice for poor people. NHLP's goals are to increase and preserve the supply of decent affordable housing, improve housing conditions for very low-income persons and households, expand and enforce low-income tenants' and homeowners' rights and increase housing opportunities for racial and ethnic minorities. In pursuit of these goals, NHLP provides support through written materials, training, legislative and administrative advocacy, litigation and technical assistance on housing issues affecting very low income families. NHLP works with numerous legal services organizations around the country.

SEVRA is a substantial bill which addresses a number of problems with the voucher program and overall strengthens that program. NHLP specifically supports four significant provisions of the legislation. First, one of the most important aspects of this bill is maintaining the policy that rents shall be set at 30% of family income for all of the federally-assisted low-income housing programs, including public housing, project-based Section 8 and the voucher program. This provision is necessary to ensure that housing remains affordable for all families, especially those who are extremely and very low-income. Second, SEVRA simplifies the rules regarding how to calculate tenant rents and compute income and the timing of annual rent recertifications. These changes support families' efforts to become self-sufficient and will provide for a more efficient administration of the voucher program. Third, the bill changes HQS inspection standards, strengthening the tenants' right to prompt inspections, allowing a housing authority to abate rent for non-repair and providing for relocation expenses. These

The Honorable Chris Dodd
The Honorable Chuck Schumer
February 14, 2008
Page 2

improvements support efforts to make affordable housing available and to prevent it from deteriorating into unlivable conditions. Finally, the provisions of the bill that stabilized the formula for voucher funding are critical. By basing the formula on vouchers in use and actual costs for the prior 12 months, public housing agencies are supported in their efforts to fully use available funds. These reforms will increase the efficacy of federal housing programs and benefit low-income tenants.

The voucher program is the leading source of housing assistance for low-income people. It serves nearly two million families with children, elderly people, and people with disabilities. For the state of California, there are over 300,000 authorized vouchers and for San Francisco there are 15,000 authorized vouchers. It is in the interest of low income families who benefit or may access the program in the future that the program operate as effectively as possible. We appreciate the fact that Senator Dodd is taking the lead in reforming the voucher statute for the good of all.

Cordially,



Catherine Bishop, Staff Attorney
National Housing Law Project



Council of Large Public Housing Authorities
1250 Eye Street NW Suite 901
Washington, D.C. 20005-3922
Executive Director: Sunia Zatterman
phone: 202.638.1300 | fax: 202.638.2364
web: www.clpha.org

February 14, 2008

The Honorable Christopher J. Dodd
Chairman, Committee on Banking, Housing and Urban Affairs
United States Senate
534 Dirksen Senate Office Building
Washington, D.C., 20150

Dear Mr. Chairman:

On behalf of the Council of Large Public Housing Authorities (CLPHA), we are writing to express our support for the Section 8 Voucher Reform Act of 2008 (SEVRA).

This bill is important to our members – representing most of the largest public housing authorities in the country – who would benefit from the effects of simplifying and streamlining the funding and administrative processes while providing housing assistance to two million of the lowest-income families. It will aid housing authorities in implementing more efficient and straightforward operations to better serve their residents. In addition to other changes important to CLPHA, this bill would improve the current voucher funding formula, provide for rent simplification and flexibility, clarify program eligibility, modify inspection requirements, and authorize a funding reserve.

While we are in support of SEVRA, we feel it is necessary that the Housing Innovation Program (HIP), renamed from the Moving to Work (MTW) program, be included in the final bill. MTW has proven itself to be a successful and vital component to the continued success of our members and public housing. We urge an expansion and permanent extension of HIP/MTW to make this program more broadly available to the many housing authorities interested in participating in the program. Therefore, we strongly believe its inclusion to be an essential element of the final bill.

We want to express our appreciation for your commitment to the legislation and for being a keen advocate for public housing. We strongly urge you to conduct hearings on SEVRA and we look forward to maintaining our close working relationship with you as the legislation continues to evolve and move forward in the legislative process.

Sincerely,

Sunia Zatterman,
Executive Director



The Honorable Christopher J. Dodd, Chairman
Banking, Housing and Urban Affairs Committee
Senate Russell 448
Washington, DC 20510

February 14, 2008

The Honorable Charles E. Schumer, Chairman
Housing, Transportation, and Community Dev. Subcommittee
Senate Hart 313
Washington, DC 20510

Dear Senators Dodd and Schumer:

The National Housing Trust, the National Low Income Housing Coalition and the undersigned organizations write to support the current Senate discussion draft version of the "Section 8 Voucher Reform Act of 2008." We submit these comments on behalf of the National Preservation Working Group, a collaborative of organizations with extensive experience in preserving and improving HUD's inventory of multifamily housing.

In particular, we strongly support all of the preservation-related provisions in the bill, including, but not limited to:

- (a) Permitting up to 25% of the funding available for tenant-based assistance to be attached to properties;
- (b) Permitting renewal of contracts up to 15 years;
- (c) Permitting a housing authority to establish a Section 8 rent higher than the Section 42 rent where the housing authority deems the Section 8 rent is more appropriate than the Section 42 rent;
- (d) Providing an absolute right of preference for otherwise eligible families to return to a "proposed unit" where the proposed unit is replacing a previous dwelling unit;
- (e) The ability of a public housing authority to transfer project-based voucher assistance to a contiguous public housing authority that requests the transfer;
- (f) The Preservation Working Group amendments to protect tenants receiving enhanced vouchers;
- (g) Authorizing, per the Preservation Working Group suggestion, the use of "Project Based Preservation Vouchers" in lieu of enhanced vouchers at the election of the owner; and
- (h) The optional preference for allocation of incremental tenant-based assistance to preserve affordable housing that needs operating support to remain affordable.

Senators Dodd and Schumer
February 14, 2008
Page Two

Over the past decade, 350,000 federally assisted or insured, affordable apartments have left our nation's affordable rental housing inventory. In our view, the enactment of provisions like those in the Senate Discussion Draft will result in the preservation and improvement of tens of thousands of existing, federally assisted affordable multifamily homes throughout the nation.

We urge its introduction and adoption.

Thank you for your leadership on this issue.

Sincerely,

A handwritten signature in black ink that reads "Michael Bodaken". The signature is written in a cursive, flowing style.

Michael Bodaken
President
National Housing Trust

Organizational signers on following page

Senators Dodd and Schumer
February 14, 2008
Page Three

Action Housing, Inc. (Pittsburgh, PA)
American Association of Homes and Services for the Aging
Anti-Displacement Project
California Coalition for Rural Housing
California Housing Partnership Corporation
Chicago Community Development Corporation
Chicago Rehab Network
Cleveland Housing Network
Cleveland Tenant Organization
Coalition for Economic Survival (Los Angeles)
Coalition on Homelessness & Housing in Ohio
Community Alliance of Tenants (Oregon)
Community Capital Corporation (Colorado)
Community Economic Development Assistance Corporation (Mass.)
Connecticut Housing Coalition
Emily Achtenberg, Housing Policy & Development Consultant
Enterprise Community Partners
Great Lakes Capital Fund
Housing Action Illinois
Housing Alliance of Pennsylvania
Housing and Community Development Network of New Jersey
Housing Assistance Council
Housing Development Corporation of Lancaster County
Housing Preservation Project (Minnesota)
Local Initiatives Support Corporation
National Alliance of Community Economic Development Associations
National Alliance of HUD Tenants
National Council of State Housing Agencies
National Housing Conference
National Housing Law Project
Ohio Capital Corporation for Housing
Opportunity Finance Network
Organize! Ohio
Minnesota Housing Partnership
National Low Income Housing Coalition
New York City Department of Housing Preservation & Development
Southwestern PA Alliance of HUD Tenants, Pittsburgh, PA
Stewards of Affordable Housing for the Future (Mercy Housing, National Affordable Housing
Trust, National Church Residences, NHT/Enterprise, Preservation of Affordable Housing,
Retirement Housing Foundation and Volunteers of America)
The Community Builders

FEB 13 2008 3:00 PM

NOV 12 11 22

February 13, 2008

VIA FACSIMILE



at The Lyceum

The Honorable Christopher Dodd
 The Honorable Chuck Schumer
 U.S. Senate Committee on Banking, Housing and Urban Affairs
 534 Dirksen Senate Office Building
 Washington, DC 20510

Dear Chairman Dodd and Senator Schumer:

I am writing to express strong support for the Section 8 Voucher Reform Act of 2007 (SEVRA) and your sponsorship of this act. The Partnership for Strong Communities works to advance solutions to homelessness, affordable housing, and foster the creation of vibrant neighborhoods; we believe this legislation is a critical component of solving and preventing homelessness and building strong communities.

SEVRA is a good government bill. It stabilizes the voucher program with a permanent funding policy, while simplifying the rules about how to calculate tenant rents and streamlining the housing inspection process. As a result, the voucher program will run more efficiently, tenants will be rewarded when they increase their work effort, and there will be less unnecessary paperwork for all parties involved — housing authorities, tenants, and property owners.

The voucher program is our nation's leading source of housing assistance for low-income people. It serves nearly two million families with children, elderly people, and people with disabilities. Making sure that it operates as effectively as possible is in their interest as well as in our national interest.

Your legislation represents an important step forward in preserving and improving the Section 8 program — a critical affordable housing resource that effectively targets individuals with disabilities with extremely low incomes, including recipients of Supplemental Security Income (SSI) benefits. The monthly federal Social Security payment in 2006 was \$603/month while the average rent for a 1 bedroom apartment in Connecticut was \$715/month. Therefore Connecticut residents receiving Social Security as their only income need to use 113% of their monthly income toward rent.

Thank you for your leadership in moving this important legislation forward. The Partnership for Strong Communities looks forward to working with you and your colleagues on the Committee to ensure passage of SEVRA in 2008.

Sincerely,

Diane Randall
 Director
 Partnership for Strong Communities

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www.ctpartnershiphousing.com

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 ROCKVILLE, CT 06066

March 4, 2008

The Honorable Christopher J. Dodd
 Chairman, US Senate Committee on Banking, Housing, and Urban Affairs
 534 Dirksen Senate Office Building
 Washington, DC 20510

Dear Senator Dodd;

I am writing on behalf of very low-income clients of Connecticut Legal Services who participate in the Section 8 Housing Choice Voucher Program or are in need of federal housing assistance, in support of the Section 8 Voucher Reform Act of 2008 (SEVRA). I have been involved, along with other legal services staff, in advocating for improvements to the program and reforms that will stabilize funding in a way that protects the communities we serve.

Legal services attorneys have collaborated actively with Connecticut's housing advocates and housing authorities since the renewal funding rules were first changed in 2004. We have observed, since then, that our clients have had far more difficulty either using vouchers to obtain housing that meets both affordability and quality standards and holding on to their housing assistance, as some public housing agencies (PHAs) have tried to cut their budgets by terminating program participants or by refusing landlords rent increases at renewal time.

We have been told by PHA staff that many of their participants are paying more than 30 per cent and often as much as 50 per cent of their incomes, even with voucher assistance. The huge increase in utility costs has made the problem much worse. When the funding system was first changed, one local PHA reduced its payment standards substantially. One client of mine was faced with a rent increase of nearly 75 per cent. The threat of a lawsuit against the housing authority and HUD delayed the increase for over a year, but ultimately, the rent change went through, and my client could not continue to afford her rent where she had been living.

SEVRA contains many of the reforms sorely needs to get the program back on the right track, and we appreciate all you and your staff have done to produce a good bill. Many of the reforms contained in the bill address concerns that we have previously voiced to you through participation in the Connecticut Housing Coalition's Section 8 working group, the New England Housing Network and the Housing Justice Network.



Senator Christopher Dodd
Page 2
March 5, 2008

Issues of particular importance to my clients include protection of a funding system that will lead to full use of authorized voucher allocations and permit sensible planning for voucher administrators and fairness in local administration. Anxiety regarding the budget, even if justified, on the part of housing agencies often leads to actions that are harmful to participants.

Another welcome proposal will increase protections to tenants whose landlords are not properly maintaining the property. Often, a PHA will suspend rental assistance payments but instruct the tenant to continue paying the tenant's share of the rent, and if a place is in terrible condition, and the tenant does not make the payment, the tenant could be in jeopardy of eviction and of losing the voucher assistance.

Two of the proposed reforms are of particular interest to my organization. One protects tenants in Section 8 project-based housing whose owner leaves the program. Under the bill, a family that has become too small for the apartment it has been occupying, in compliance with project-based rules, will not have to leave its home to avoid losing its housing subsidy, if there are no units of the appropriate size available. While we have not had many of these "opt-outs" in Connecticut in the past two years, my agency was involved with a few terminations in which long-term residents whose children had grown had to leave their homes, due to program rules.

The other provision authorizes incremental vouchers, a huge need in our state, but of particular interest to Connecticut, SEVRA would authorize the use of the vouchers to help preserve and rehabilitate state-sponsored public housing as an acceptable preference for the award of the incremental vouchers. As you know, Connecticut has a large supply of state public housing that is in distress, because the state program does not include operating subsidies or effective funding for capital maintenance. Housing Choice Vouchers would provide greatly needed cash flow to permit the housing to continue to be operated as a resource for low income families, should these be authorized and funded.

I look forward to your leadership in passing SEVRA and the program reforms through the Senate and seeing the bill enacted. Thank you for your responsiveness to the needs of my clients.

Very truly yours,

Richard L. Tenenbaum



FEDERAL POLICY PROJECT

FPP Partners:

California Housing
Authority Association
(CHAA)

California Coalition for
Rural Housing (CCRH)

Housing Authority
Association of Southern
California (HAASC)

Los Angeles Coalition to
End Hunger and
Homelessness
(LACEH&H)

NAHRO Pacific Southwest
Regional Council

NonProfit Housing
Association of Northern
California (NPH)

Northern California
Nevada Executive
Directors' Association

Southern California
Association of Nonprofit
Housing (SCANPH)

The San Diego Housing
Federation

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Matt Schwartz
President
Ph: (415) 433-6804 x11
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mschwartz@chpc.net

March 4, 2008

The Honorable Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington, D.C. 20510

Re: Request to Co-Sponsor the Section Eight Voucher Reform Act of 2008, S. 2684

Dear Senator Feinstein:

I am writing on behalf of the California Housing Partnership Federal Policy Project to express support for S. 2684, the Section Eight Voucher Reform Act of 2008 (SEVRA) and to urge you to add your name as a co-sponsor. A similar bill (H.R. 1851) has already passed the House by a strong bipartisan vote of 333-83, and we hope that you will help lead a comparable effort in the Senate so that this important bill can become law this year.

The California Housing Partnership is a state-created private nonprofit organization tasked with playing a leadership role in advocating for adequate policies and resources to support the preservation and creation of housing affordable to lower income Californians. Last year we formed a statewide coalition of more than 2,000 local government and nonprofit housing agencies and tenant advocates to find common ground in our federal policy advocacy. One of our top priorities for 2008 is the passage of SEVRA.

SEVRA is critical to California because our state is home to more than 300,000 of the 2 million Section 8 housing choice vouchers nationwide, 14% of the total. SEVRA makes a number of important good government reforms to the voucher program. It establishes a permanent voucher renewal funding formula directly tied to local conditions, which would prevent California from ever again losing thousands of vouchers we lost when HUD last changed the funding formula in 2004. The bill also streamlines the rules relating to rents in the voucher program as well as in public and other assisted housing. Currently, there are too many complicated calculations that must be made, which are administratively cumbersome and lack the proper incentives.

Together, these reforms will make the voucher program run more efficiently and better serve the needs of low income Californians who struggle daily to cope with the high cost of housing. We look forward to discussing the importance of this bill with you when we visit your Washington office on April 1st. In the meantime, we urge you to co-sponsor this bill.

Sincerely,

Matt Schwartz, President, California Housing Partnership

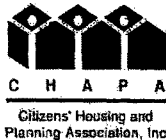
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Aaron Gornstein

February 28, 2008

The Honorable John Kerry
304 Russell Senate Office Building
Washington, DC 20510

Dear Senator Kerry:

On behalf of the CHAPA Section 8 Voucher Committee, I am writing to ask you to join with Senators Dodd and Schumer in co-sponsoring the Section 8 Voucher Reform Act of 2008 (SEVRA). We also hope that you will encourage the Banking Committee to take this bill up quickly, so that there is time for it to be passed into law before the end of the congressional session. Section 8 is a critical housing program for Massachusetts, serving over 70,000 households in our state. The provisions contained in SEVRA will make changes to stabilize program funding, simplify administration, and allow the program to more efficiently serve the over 2,000,000 low-income households in our country which rely on it for their housing needs.

The CHAPA Section 8 Voucher Committee includes many agencies and institutions involved in administering the Section 8 program, including housing authorities, regional non-profit agencies, legal services organizations, human services providers, government officials, and others concerned about serving the families with children, elders, and people with disabilities who receive Section 8 vouchers. It has been ten years since Congress has made significant changes to the way in which Section 8 operates, despite the need to reform some aspects of the program to make it more efficient for both consumers and administrators. The provisions in the Senate SEVRA bill are well-considered, and would greatly enhance the program's effectiveness.

Particular provisions in SEVRA which would benefit the program include:

- Stabilizing the voucher funding formula, basing an agency's appropriation on vouchers in use and their average cost in the prior year, thus ensuring that every agency has enough funding to renew its vouchers in use;
- Reforming the financing of "portability," thereby making it easier for families to use Section 8 vouchers in a wide-ranging area, fulfilling one of the program's goals of allowing families to move beyond areas of poverty;
- Simplifying rent rules for Section 8, as well as a number of other housing programs, streamlining how income and deductions are determined, and thereby reducing the burden on housing agencies, tenants, and private owners, while still maintaining the requirement that tenants pay 30% of their income towards rent;

18 Tremont Street • Suite 401 • Boston, MA 02108 • Telephone (617) 742-0820 • Fax (617) 742-0953
Website: www.chapa.org

THE ASSISTANT IS
SUPPORTED BY

- Streamlining inspections to make it easier for families to move into housing;
- Improving housing conditions, by encouraging owners to repair housing, and creating safe housing environments for tenants;
- Linking administrative fees to the number of vouchers actually leased, to encourage agencies to use vouchers efficiently and effectively; and
- Allowing an increase in the percentage of vouchers that may be project-based so that there can be even more additional affordable housing opportunities created.

One significant provision for Massachusetts is allowing the use of Section 8 vouchers to aid in the preservation of state-assisted public housing units. Many of these public housing units are threatened with falling into disrepair and lack of use because there has not been the funding to maintain their safety. By allowing the use of Section 8 vouchers for this purpose, our state would be able to preserve an important source of affordable housing.

In these very difficult times for the real estate market, Section 8 serves a vital function to keep some of the most vulnerable people in our society housed in safe and stable rental units. We hope that you will do everything you can to make sure that SEVRA is passed this year, and that the Section 8 program is made more efficient.

Sincerely,



Aaron Gornstein
Executive Director
(on behalf of the CHAPA Section 8 Voucher Committee)



National AIDS Housing Coalition, Inc.
727 16th St., NW, 6th Floor
Washington, DC 20005
Phone: 202.547.8283
Fax: 202.547.8411
www.nahcusa.org

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STAFF
Harry Brinkman
Executive Director

February 21, 2008

The Honorable Christopher Dodd
The Honorable Chuck Schumer
Committee on Banking, Housing and Urban Affairs
United States Senate
534 Dirksen Office Building
Washington, DC 20510

Dear Chairman Dodd and Senator Schumer:

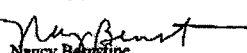
The National AIDS Housing Coalition is a national housing organization working to expand resources for and achieve policy improvements to housing for people with HIV/AIDS. I write in support of the Section 8 Voucher Reform Act of 2008 (SEVRA) which makes important improvements to the voucher program now serving many extremely low income families, including those with HIV/AIDS. As more people are living longer and permanent housing options are needed, the Section 8 program is critical resource for those coping with the debilitating and impoverishing effects of HIV/AIDS.

We look forward to joining with other housing advocates in working with you to improve and pass SEVRA. We support a number of the positive features of the bill, including but not limited to:

- Correcting voucher renewal fund distribution by requiring an annual re-benchmarking of voucher costs to reflect actual costs of voucher administration by local housing agencies
- Improving voucher portability provisions by requiring receiving housing agencies to take ported-in vouchers from other housing agencies when adequate funds available,
- Simplifying rent calculations for voucher, public housing and project-based Section 8 tenants, and
- Authorizing 20,000 new vouchers a year for the next five years.

HIV/AIDS housing providers, consumers and advocates welcome the opportunity to work with you toward passage of SEVRA.

Sincerely yours,


Nancy Brinkman
Executive Director


NAHC works to advance the creation, development, management, and growth of housing for persons living with HIV/AIDS in our communities.

**CONNECTICUT LEGAL SERVICES**

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March 4, 2008

The Honorable Christopher J. Dodd
 Chairman, US Senate Committee on Banking, Housing, and Urban Affairs
 534 Dirksen Senate Office Building
 Washington, DC 20510

Dear Senator Dodd;

I am writing on behalf of very low-income clients of Connecticut Legal Services who participate in the Section 8 Housing Choice Voucher Program or are in need of federal housing assistance, in support of the Section 8 Voucher Reform Act of 2008 (SEVRA). I have been involved, along with other legal services staff, in advocating for improvements to the program and reforms that will stabilize funding in a way that protects the communities we serve.

Legal services attorneys have collaborated actively with Connecticut's housing advocates and housing authorities since the renewal funding rules were first changed in 2004. We have observed, since then, that our clients have had far more difficulty either using vouchers to obtain housing that meets both affordability and quality standards and holding on to their housing assistance, as some public housing agencies (PHAs) have tried to cut their budgets by terminating program participants or by refusing landlords rent increases at renewal time.

We have been told by PHA staff that many of their participants are paying more than 30 per cent and often as much as 50 per cent of their incomes, even with voucher assistance. The huge increase in utility costs has made the problem much worse. When the funding system was first changed, one local PHA reduced its payment standards substantially. One client of mine was faced with a rent increase of nearly 75 per cent. The threat of a lawsuit against the housing authority and HUD delayed the increase for over a year, but ultimately, the rent change went through, and my client could not continue to afford her rent where she had been living.

SEVRA contains many of the reforms sorely needs to get the program back on the right track, and we appreciate all you and your staff have done to produce a good bill. Many of the reforms contained in the bill address concerns that we have previously voiced to you through participation in the Connecticut Housing Coalition's Section 8 working group, the New England Housing Network and the Housing Justice Network.



Senator Christopher Dodd
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Issues of particular importance to my clients include protection of a funding system that will lead to full use of authorized voucher allocations and permit sensible planning for voucher administrators and fairness in local administration. Anxiety regarding the budget, even if justified, on the part of housing agencies often leads to actions that are harmful to participants.

Another welcome proposal will increase protections to tenants whose landlords are not properly maintaining the property. Often, a PHA will suspend rental assistance payments but instruct the tenant to continue paying the tenant's share of the rent, and if a place is in terrible condition, and the tenant does not make the payment, the tenant could be in jeopardy of eviction and of losing the voucher assistance.

Two of the proposed reforms are of particular interest to my organization. One protects tenants in Section 8 project-based housing whose owner leaves the program. Under the bill, a family that has become too small for the apartment it has been occupying, in compliance with project-based rules, will not have to leave its home to avoid losing its housing subsidy, if there are no units of the appropriate size available. While we have not had many of these "opt-outs" in Connecticut in the past two years, my agency was involved with a few terminations in which long-term residents whose children had grown had to leave their homes, due to program rules.

The other provision authorizes incremental vouchers, a huge need in our state, but of particular interest to Connecticut, SEVRA would authorize the use of the vouchers to help preserve and rehabilitate state-sponsored public housing as an acceptable preference for the award of the incremental vouchers. As you know, Connecticut has a large supply of state public housing that is in distress, because the state program does not include operating subsidies or effective funding for capital maintenance. Housing Choice Vouchers would provide greatly needed cash flow to permit the housing to continue to be operated as a resource for low income families, should these be authorized and funded.

I look forward to your leadership in passing SEVRA and the program reforms through the Senate and seeing the bill enacted. Thank you for your responsiveness to the needs of my clients.

Very truly yours,



Richard L. Tenenbaum

**Supporters of the Section 8 Voucher Reform Act (SEVRA)
March 7, 2008**

Action Housing, Inc. (Pittsburgh, PA)
 American Association of Homes and Services for the Aging
 ANCOR (American Network of Community Options and Resources)
 Anti-Displacement Project
 The Arc
 California Coalition for Rural Housing
 California Housing Partnership Corporation
 Cambridge Housing Authority (Mass)
 Center on Budget and Policy and Priorities
 Chicago Community Development Corporation
 Chicago Rehab Network
 Citizens' Housing and Planning Association
 Cleveland Housing Network
 Cleveland Tenant Organization
 Coalition for Economic Survival (Los Angeles)
 Coalition on Homelessness & Housing in Ohio
 Community Alliance of Tenants (Oregon)
 Community Capital Corporation (Colorado)
 Community Economic Development Assistance Corporation (Mass.)
 Connecticut Coalition to End Homelessness
 Connecticut Housing Coalition
 Connecticut Housing Finance Agency
 Connecticut Legal Services
 Connecticut Public Housing Resident Network
 Consortium for Citizens with Disabilities
 Corporation for Supportive Housing
 Council for Affordable and Rural Housing
 Council of Large Public Housing Authorities
 Emily Achtenberg, Housing Policy & Development Consultant
 Enterprise Community Partners
 Great Lakes Capital Fund
 Greater Hartford Legal Aid
 Greater New Orleans Fair Housing Action Center
 Housing Action Illinois
 Housing Alliance of Pennsylvania
 Housing and Community Development Network of New Jersey
 Housing Assistance Council
 Housing Development Corporation of Lancaster County
 Housing Preservation Project (Minnesota)
 Institute of Real Estate Management
 Jewish Council for Public Affairs
 Lawyers Committee for Civil Rights Under Law
 Local Initiatives Support Corporation

Mercy Housing
 Minnesota Housing Partnership
 National AIDS Housing Coalition
 National Affordable Housing Management Association
 National Affordable Housing Trust
 National Alliance of Community Economic Development Associations
 National Alliance to End Homelessness
 National Alliance for the Mentally Ill
 National Alliance of HUD Tenants
 National Apartment Association
 National Association of Home Builders
 National Association of Realtors
 National Church Residences
 National Council of State Housing Agencies
 National Disability Rights Network
 National Fair Housing Alliance
 National Housing Conference
 National Housing Law Project
 National Housing Trust
 National Leased Housing Association
 National Low Income Housing Coalition
 National Multi Housing Council
 New York City Department of Housing Preservation & Development
 Ohio Capital Corporation for Housing
 Opportunity Finance Network
 Organize! Ohio
 Paralyzed Veterans of America
 Partnership for Strong Communities (CT)
 Poverty and Race Research Action Council
 Preservation of Affordable Housing
 Public Housing Authority Directors Association
 Religious Action Center for Reform Judaism
 Retirement Housing Foundation
 Southwestern PA Alliance of HUD Tenants, Pittsburgh, PA
 Stewards of Affordable Housing for the Future
 The Community Builders
 United Cerebral Palsy Disability Policy Collaboration
 Volunteers of America

WRITTEN STATEMENT OF
ROY A. BERNARDI
DEPUTY SECRETARY
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT



HEARING ON
SECTION 8 REFORM
BEFORE THE
SUBCOMMITTEE ON HOUSING, TRANSPORTATION, AND
COMMUNITY DEVELOPMENT
UNITED STATES SENATE

APRIL 16, 2008

Chairman Schumer, Ranking Member Crapo, thank you for the opportunity to share the U.S. Department of Housing and Urban Development's (HUD) views on S. 2684, the Section 8 Voucher Reform Act.

The Housing Choice Voucher program is HUD's largest program -- currently, two million families receive voucher assistance to rent decent, safe, and sanitary housing on the privately owned rental market through a national network of 2,400 public housing agencies (PHAs). With annual funding of \$17 billion dollars, the Voucher program accounts for over half of HUD's entire budget. As a result, the future of the housing choice voucher program is of critical importance to HUD and to our mission of helping very low-income Americans with their housing needs.

The Housing Choice Voucher program has helped millions of low-income American families over the past several decades. The challenge before us now is to strengthen and reform the Voucher program so that it may serve millions more in the decades ahead. As the Committee is aware, the Administration submitted a legislative proposal in July, 2007 entitled "The Voucher and Rent Simplification Act of 2007" (VRSA) to meet this challenge.

Housing Choice Voucher Reforms

To meet that challenge we need a Housing Choice Voucher program that encourages and reward families that are working toward the goal of economic self-sufficiency, and for disabled and elderly to live as independently as possible. To accomplish this objective, the program needs a sustainable funding structure and operational authority that allow PHAs the flexibility to tailor it to local needs. Further, we need income and rent formulas that are straight-forward and easy to understand by both program administrators and families alike. We need a simpler and transparent program that will allow HUD and PHAs to focus resources on expanding housing opportunities and self-sufficiency services to families, rather than concentrating the bulk of our efforts on compliance and enforcement of cumbersome and complex statutes, rules, and regulations.

PHAs need much greater administrative flexibility to tailor the voucher program to meet the needs and priorities of their individual communities. The most pressing challenges faced by a PHA administering the voucher program in Waterloo, Iowa, for instance, are vastly different than those in New York City or New Orleans. Yet we persist with a one-size-fits-all approach in key components of the program.

Finally, despite lengthy waiting lists for voucher assistance across the country, far too much voucher funding simply goes unused each year. The main reason for this unacceptable situation is two-fold. First, Congress continues to impose a cap on the number of units a PHA is allowed to place under lease during the calendar year, regardless of whether a PHA has sufficient funding to assist additional families. Second, the formula by which the PHA's voucher funding is renewed each year has been constantly changing from one Appropriations Act to the next. This inconsistency and uncertainty leads to PHAs taking a very cautious and conservative approach with their funding dollars as a hedge against potential decreases in future renewal funding.

Views on S. 2684

The housing choice voucher program cries out for legislative reform. Unfortunately, while S. 2684 does contain a number of provisions that HUD would support, our overall assessment is that the enactment of the bill in its current form would ultimately result in a more complicated and less effective program than we have today. For example, under S. 2684 an individual PHA's funding from year to year is impacted on the spending decisions of other PHAs; income calculations remain overly complex and error-prone; there is little additional flexibility for PHAs over critical areas such as income and rent determinations to make the program more responsive and effective in meeting the needs and priorities of local communities; the roles and responsibilities of PHAs and owners are blurred; and the bill includes several provisions that will have a chilling effect on owners' willingness to participate, inadvertently reduce housing opportunities for the families the housing choice voucher program serves.

Funding Renewal Structure

HUD strongly opposes the provision in S. 2684 that provides voucher renewal funding on a unit-based methodology. The formula provides that funding will be based on actual leasing and costs for the preceding calendar year, as adjusted by an annual adjustment factor. This unit-based methodology, often viewed as an entitlement-type funding model, provides no incentive for PHAs to manage program expenditures, control per-unit costs, and maximize assistance to needy families. The voucher program should not return to a flawed funding methodology which led to spiraling and unsustainable per unit cost increases just a few short years ago. Instead, the voucher program needs a permanent renewal funding formula that is budget-based and will successfully control costs and provided stability to the renewal process without a loss of assistance to existing families.

The unit-based funding system put forth in S. 2684 is further flawed in that it encourages PHAs to increase program costs unnecessarily simply in order to claim a larger share of the subsequent year's appropriations. Under S. 2684, PHAs that spend more per unit in a given year will get more the next year at the expense of those PHAs that control or reduce per-unit costs to serve additional families. Moreover, this unfair dependence on the spending decisions of all the other PHAs makes it difficult for a PHA to plan or manage its program beyond the current calendar year. It also creates difficulty for HUD and Congress to properly forecast the budgetary needs of the voucher program for future year appropriations, increasing the likelihood of significant decreases in funding from one year to the next due to the need to pro-rate appropriated funding.

It is crucial that we look back at the recent history of the voucher program when considering the right approach to crafting a permanent renewal authority. As noted earlier, just a few years ago Congress was forced to supersede the unit-based regulatory renewal methodology and impose a budget-based renewal formula in the Appropriations Acts in order to halt the rapidly escalating and unsustainable increases in voucher program costs. The voucher renewal methodology set forth in S. 2684 would ultimately return us to those spiraling per-unit cost increases in the voucher program. Such a result would require either substantial pro-rated reductions in individual PHA voucher funding allocations (necessitating the termination of assistance for some participating families) or

absorption by the voucher program of a disproportionate share of the HUD budget at the expense of other critical HUD programs and activities.

VRSA, by contrast provides for a renewal funding methodology that is budget-based, but provides for re-benchmarking based on actual leasing and costs every three years to reflect changes in market conditions. In the intervening years, the PHA budget will be adjusted by an inflation factor. This provides transparency and predictability to the renewal funding formula, allowing PHAs to appropriately manage the program beyond the calendar year.

Rent Reform

HUD believes that simplification of tenant income and rent calculations is desperately needed to ensure fairness and transparency in not only the voucher program but also public housing. The current system is staggeringly complex and cries out for reform. However, while the bill makes minor adjustments to the existing rent guidelines (not just in the voucher program but also to public housing and other Section 8 programs), it does not fundamentally alter the convoluted and complicated rent and income rules. In fact, rather than simplifying the calculations, the bill makes the system even more complicated, thereby increasing the risk of improper payments and inaccurate family share contributions.

The bill's primary failing with regard to rent and income is that it does not address one of the most glaring problems with the current system, which is that a one-size-fits-all approach cannot be responsive to all the different individual concerns, priorities, and market conditions of thousands of individual local communities. True reform of the rent determination system must: (1) reduce PHAs' administrative burden; (2) provide PHAs with the necessary flexibility to control tenant rents to properly address the needs and priorities of their communities; (3) increase the incentives to work for able adults; and (4) help eliminate improper payments that occur due to difficulties in determining the proper incomes and rents for participating families. Finally, the income and rent changes contemplated by the bill are not cost neutral, and the resulting higher per-unit costs will ultimately reduce the number of families the program will be able to serve.

VRSA provides PHAs the flexibility to choose among several different rent structures which may include flat rents that are not directly tied to income; income-based rents; income-tiered rents or rents that are determined in accordance with today's requirements.

Housing Quality Standards

HUD supports the concept of reducing the frequency of housing quality standards (HQS) inspections put forth in S. 2684, as such a change would allow the PHA to concentrate its resources on its higher-risk properties or economic self-sufficiency efforts. However, the bill would also permit the PHA to use abated housing assistance payments resulting from owner HQS violations to make repairs directly to the owner's property. This blurs the respective roles and responsibilities of the owner and PHA. Furthermore, it is likely to discourage owner participation in the voucher program, as many owners will be reluctant to participate in a program that allows the PHA to unilaterally, without any hearing or

appeal process, perform work or contract for work to be done on the rental property without the owner's permission. In addition, there may be significant liability concerns for both parties as a result of such work.

Using Rental Assistance for Other Uses

HUD also opposes the provision in S. 2684 that allows the agency to use rental assistance funds to pay the owner's utilities as this once again muddies the respective roles of the PHA and the owner. The PHA is not the owner of the unit or a party to the lease and should not assume the owner's responsibilities for that unit. If the owner fails to pay for utilities for his property, the role of the PHA should continue to be one of enforcing the provisions of the HAP contract, not assuming property management functions of the owner.

In addition, the bill requires the PHA to provide the tenant at least 120 days to remain in the unit from the start of an abatement of assistance payments due to HQS violations. This would be an unreasonable period of time to allow a family to remain in a dangerous unit with life-threatening deficiencies, and that the appropriate length of time before a family is required to move in such instances should not be mandated by Federal law. Instead, the program should continue to rely on the administering PHA's judgment and expertise over this issue.

The bill further provides that abated housing assistance payments may be used for repair costs and relocation expenses. HUD opposes using housing assistance payments for anything other than providing rental assistance to owners on behalf of families. Diverting the assistance to other uses ultimately reduces the number of families that receive housing assistance under the voucher program.

Fair Market Rents

FMRs are a key indicator for both the voucher program and other Federal housing programs. S. 2684 requires HUD to radically alter the manner in which Fair Market Rent (FMR) areas are determined and we have significant concerns about the unintended and potentially undesirable consequences with this part of the bill. These concerns are as follows:

1. Proposed FMR areas are not fully specified, leaving HUD at a loss as to how to interpret congressional intent;
2. The implied expectations that FMR areas can be re-defined on a timely on-going basis are unrealistic;
3. The data necessary for changes in FMR areas in response to public requests are not as available or as robust as is being assumed;
4. As drafted, the changes in FMR area definitions would have wide ranging consequences for many other HUD and non-HUD programs throughout the Federal Government including the Low-Income Housing Tax Credit because

HUD's area median income estimate and income limit areas are the same as FMR areas except as required by statute; and

5. Staff at HUD and at Census would have to be increased significantly to timely implement the provisions related to FMR areas.

PHA Performance Standards

The provision in S.2684 concerning how to assess PHA performance is also problematic. As provided in VRSA, PHA performance assessment should focus on major core elements (physical condition of unit, utilization of funds, PHA reporting, financial condition of the PHA) in statute. Additional standards and performance assessment indicators that measure PHA performance would be promulgated in regulation.

Conversion to Project-Based Assistance

There are a number of provisions in S. 2684 regarding project-based vouchers that greatly concern HUD. The bill increases the percentage of voucher funding that may be available for project-basing. The housing choice voucher program is fundamentally a tenant-based program that allows families to choose the unit where the family wishes to reside. Tying more units to specific projects provides fewer families with the ability upon receiving a voucher to choose where they want to live or to move closer to job or educational opportunities.

The bill also adds a new provision to allow project-based assistance to be attached to an existing, newly constructed, or rehabilitated structure without following a competitive process. Competition among owners and developers for project-based assistance is in the public interest. Furthermore, the bill increases the proportion of units in any building that may be project-based. One of the benefits of the tenant-based voucher program is that it avoids the concentration of subsidized families in a particular building. The project-based voucher program recognizes the importance of avoiding clustering voucher families in a particular building and believes that the current standards should be maintained.

The bill also provides that project-based vouchers may be provided instead of enhanced vouchers for certain Housing Conversion Actions. HUD is concerned that this type of project-based voucher contract would not be restricted by the 20 percent limitation on voucher funds for project-based vouchers. This may result in a disproportionate share of tenant-based renewal funding going to support project-based preservation voucher assistance. In addition, impacted families would no longer have the opportunity to move immediately from the project with tenant-based assistance, as is the case now following a Housing Conversion Action.

We also oppose the S. 2684 provision that would allow a PHA to voluntarily transfer a portion of its vouchers and corresponding budget authority to be used as project-based assistance by other PHAs in the same or contiguous metropolitan statistical areas. Allowing such voluntary transfers to accommodate project-based efforts in other PHA jurisdictions is unfair to the families on the donating PHA waiting list, as the family's

wait for housing assistance will be prolonged and they will not benefit from the project-based efforts by another PHA elsewhere in the metropolitan area or an adjacent metropolitan area.

Family Eligibility and Screening

With respect to family eligibility, HUD supports including the consideration of applicants' assets in determining eligibility. However, the bill's reliance on family self-certification calls in to question the provision's effectiveness. Also, in regard to the exceptions to the prohibition of assistance to families that own residential property, the bill as written would exempt families that are landlords (who typically do not have a legal right to reside in property they have leased to another party), which seems at odds with the intent to ensure that limited voucher assistance is going to those families that truly need help.

S. 2684 contains a provision that limits the PHA's ability to screen families to criteria that are directly related to an applicant's ability to fulfill the obligations under the lease. We are uncertain as to the underlying problem the provision is attempting to remedy and are concerned it may inadvertently or purposefully weaken or remove existing grounds to deny admission (e.g., failure to sign consent forms, failure to submit evidence of citizenship or legal non-citizen status, family in the past received other housing assistance at the same time as voucher assistance, etc.).

HUD also objects to the provision in S. 2684 that would prohibit the PHA from applying its admissions standards to families that may be eligible for enhanced vouchers due to a Housing Conversion Action. This may require PHAs to admit families that are registered sex offenders or drug-related or violent criminals. PHAs should not be required to assist such families simply because the Multifamily Housing owner may have done a poor job with background checks and criminal screening or enforcement of the lease.

Reporting Requirements

S. 2684 requires HUD to provide Congress and PHAs with an annual report on rent burdens and to submit an annual report on the degree to which families of particular race and ethnic groups assisted in each metropolitan area are clustered in high poverty areas, and the extent to which greater geographic distribution of such assisted families could be achieved, which includes increasing payment standards for particular communities with such metropolitan areas. To produce a report with specific determinations for each metropolitan area (as provided by the bill) will be costly and Congress will also need to authorize and appropriate funding to support this report if the requirement is enacted into law.

Rent Reasonableness

The section on rent burdens also contains a provision that would exempt tax credit units from the rent reasonableness requirement that the rent to owner may not exceed rents for comparable unassisted units. HUD opposes this provision as voucher program funds should not be used to support unreasonable rents, regardless of whether the unit is receiving tax credits.

The bill adds six new actions PHAs may take so that HUD may not deny a PHA's request to set a payment standard up to 120 percent of the FMR. HUD opposes this provision because HUD should have the authority to decide increases in the payment standard of the current basic range in a unit-based renewal system, since any exception payment standard and the resulting increased cost will impact the share of renewal funding for all PHAs.

While HUD would oppose S. 2684 in its present form, we commend the Committee for recognizing the need for legislative reform in the voucher program. We would note that the bill does contain a number of provisions that we support. For example, S. 2684 establishes an administrative fee formula that is based on units under lease as opposed to fixed amount regardless of the PHA's utilization rate. HUD also believes the concept of making funding for FSS coordinators part of the regular administrative fees for the program would be very beneficial to the self-sufficiency efforts under the voucher program. The bill would also allow PHAs to implement the voucher homeownership downpayment grant option using its existing resources, thereby increasing homeownership opportunities for voucher participants. And as stated earlier, the bill would reduce the frequency of required inspections, freeing PHAs to concentrate their resources to focus on the more marginal units in their voucher program.

In conclusion, we reiterate that VRSA would simplify the rent requirements for public housing and reforms the section 8 voucher assistance program. By removing the caps on authorized units, the legislation allows more low-income families in need of housing assistance to be served, fosters the deconcentration of poverty, and promotes more efficient service delivery. It also increases PHA flexibility by providing a stable, predictable budget-based renewal funding formula, encourages PHAs to spend their balances effectively and eliminates the administratively arcane and burdensome rent determination formulas. VRSA authorizes HUD to initially allocate administrative fees to each PHA that administers a housing voucher program based on the number of families assisted and makes provision for a future formula derived from research data. VRSA provides PHAs with the necessary flexibility over tenant rents to address the needs and priorities of their communities, increases the incentives to work for able adults, and helps eliminate improper payments that occur due to difficulties to determining the proper rent.

We look forward to working with Congress to develop comprehensive reforms for the Section 8 Voucher Program as the legislative process moves forward. Again, thank you for this opportunity to share our views and concerns on S. 2684.